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President Ronald Reagan smiles as he is applauded by Vice President George Bush, top left, and House Speaker Thomas P. O'Neill Jr. after his State of the Union address.

Reagan Challenges Congress

Concessions Seem More Rhetorical Than Substantive

By Hedrick Smith
New York Times Service

WASHINGTON — President Ronald Reagan couched his second State of the Union address in the language of economic realism and bipartisanship, but set out an overall budget strategy that challenges the Democratic leadership and even some of his Republican allies in Congress.

In an obvious effort to reassert his leadership on the economy and regain lost political momentum, Mr. Reagan listed a range of initiatives capped by a call for "a federal spending freeze," an idea borrowed and adapted from Senator Ernest F. Hollings, a South Carolina Democrat.

But the concessions Mr. Reagan made to the changed political mood in Congress and the country in the face of the growing recession seemed more rhetorical than substantive.

Top administration officials have disclosed that the Reagan formula would translate into a significant increase in military spending, accompanied by real cuts in practically every major nonmilitary domestic program, while the president firmly holds the line on the tax cuts that he pushed through Congress in 1981.

Even before Mr. Reagan gave his address, Thomas P. O'Neill Jr. of Massachusetts, the House speaker, and such Republicans as Howard H. Baker Jr. of Tennessee, the Senate majority leader, signaled that Congress would not accept the approach. Mr. Reagan acknowledged the political difficulties ahead, admitting that it was "easier to de-

scribe" his program "than it will be to enact."

Mr. Baker had foreshadowed other political troubles for Mr. Reagan by opposing another of his initiatives Tuesday night — a package of contingency taxes for 1986-88, designed to persuade the financial markets that huge federal deficits can be brought down from about \$200 billion to \$100 billion in 1988.

Even that entails a bitter concession for Mr. Reagan, who had campaigned in 1980 on a pledge to bal-

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ance the budget in 1983. Nonetheless, he chose to stick with the basic economic strategy he has pursued since taking office, rather than make a major midterm correction.

According to a senior White House official, the Reagan budget for 1984, on which Tuesday night's speech was based, would provide for real growth of 9 percent in military spending and a real cutback of 3 percent in the nonmilitary portion of the budget.

Some Republicans sympathetic to the president have been fearful that such an approach is politically so unrealistic that Mr. Reagan runs the risk of having his budget strategy rejected almost out of hand.

Leading applause for Mr. O'Neill and Mr. Baker on the bipartisan agreement on revisions in the Social Security system — which provides retirement benefits and disability payments — Mr. Reagan sought to cheer his nationwide television audience with the theme that "America is on the mend."

But he also acknowledged that he was sensitive to "the bleak emptiness of unemployment," although he offered no major job-producing programs.

Mr. Reagan reached to repair political bridges to blacks and other minority groups with promises to extend the Civil Rights Commission, and action to remedy economic discrimination against women.

But his address, unlike his last State of the Union Message and an informal address to Congress in the first year of his term, was less an inspirational call to Congress and the American public than a recitation of new measures and a grim portrait of a "troubled" economy that would require both sacrifice and patience from the nation. His tone was a somber contrast to the confident forcefulness of his past two annual reports.

"For too many of our fellow citizens — farmers, steel and auto workers, lumbermen, black teenagers and working mothers — this is a painful period," he conceded. "We must do everything in our power to bring their ordeal to an end."

But Mr. Reagan shied away from proposing any major change in his basic economic program. Rather, he offered a variety of relatively modest initiatives in several fields and sought to project his compassion for those Americans who have borne the brunt of the prolonged recession.

The projected budget deficits, the president warned, are the single "America is on the mend."

Reagan Asks U.S. Spending 'Freeze'

By Steven R. Weisman
New York Times Service

WASHINGTON — President Ronald Reagan, declaring that "America is on the mend," urged the new Congress on Tuesday night to support a broad "freeze" in the growth of domestic spending programs that he said was necessary to assure a strong economic recovery.

In his second State of the Union Message, Mr. Reagan also appealed for a "bipartisan spirit" in approaching the nation's economic problems, particularly in reducing federal deficits that he characterized as posing "a clear and present danger to the basic health of our republic."

"To assure a sustained recovery, we must continue getting runaway spending under control to bring those deficits down," he said. "If we do not, the recovery will be too short, unemployment will remain too high, and we will leave an unconscionable burden of national debt for our children."

In a major departure for his administration, Mr. Reagan included a call for a "standby" tax increase of up to \$50 billion a year for 1986-88 if the deficit is not cut from its current level of nearly 7 percent of the gross national product to less than 2.5 percent in those years.

The tax on business and individual income and on energy consumption was incorporated into Mr. Reagan's budget projection of bringing the federal deficit down to a little more than \$100 billion in 1988. Administration officials said that without Mr. Reagan's tax and spending program the deficit would grow to \$300 billion in 1988.

Mr. Reagan's 43-minute speech mixed appeals for hope and cooperation with a long list of specific initiatives on jobs, high-technology training and fighting discrimination.

The warmest ovation came when Democrats one-upped Mr. Reagan by rising in unison and applauding when he said, "We who are in gov-

On Page 2:

■ The Soviet news agency Tass dismissed President Reagan's stated readiness to seek "a positive change" in relations with Moscow and said his "specific plans" offered no hopes for changes in U.S. policy.

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thought you were reading the paper. He seemed to be acknowledging that his speech had not been stirring the audience.

He provided details of his fiscal program for this year, details that were certain to meet with strong opposition in Congress. Many of the details have been disclosed in recent weeks and the White House elaborated upon some of the proposals in a "fact sheet" issued Tuesday evening.

Among the proposals were:

■ A "freeze" in the growth of federal spending for domestic programs. In a briefing, senior administration aides said this would be a combination of cutbacks and freezes of one year or six months in civilian and military pay, retirement programs and many other programs that are adjusted each year for inflation. The entire "freeze" would reduce government spending by \$43 billion.

■ Specific steps to control the cost of food stamps, welfare, the

Medicaid health assistance plan for the poor and other individual benefit programs that are paid on the basis of automatic formulas. Included in this would be a program to freeze reimbursements in the health area and also to tax health insurance premiums for private health-care insurance programs.

■ An adjustment in Mr. Reagan's five-year, \$16-trillion military buildup by trimming \$55 billion, or about 3 percent, in the period.

■ Legislation to provide tax breaks for low- and middle-income families who save for their children's college educations. Under his proposal, interest and dividends on newly created "education savings accounts" would be tax-exempt.

■ Tuition tax credits to parents who send their children to private elementary and secondary schools.

■ An extension of unemployment insurance benefits for six

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President Adopts A Moderate Tone On Foreign Policy

By Don Oberdorfer
Washington Post Service

WASHINGTON — President Ronald Reagan ignored the hard-hitting foreign policy themes of his first two years in his State of the Union address and spoke in bipartisan, mainstream terms that could have been used by any of his predecessors in the postwar era.

Although one of his senior White House advisers dismissed the foreign policy and defense portion of the speech as "nothing new" and reflecting "no changes," both the tone and substance of Mr. Reagan's pronouncements were startlingly different from those of last year's State of the Union address and many other policy statements of his first two years in office.

Gone were "the Soviet regime," "the Soviet empire," "the shadow of Soviet power" and other such anti-Soviet phrases of the past. Gone was his 1982 State of the Union pledge, in the aftermath of martial law in Poland, that "America will not conduct business as usual with the forces of oppression."

Nowhere to be found in this new world of peace aborning were the "radical forces" which threaten our friends, "or the Cubans and Libyans" who would export terrorism and subversion in the Caribbean and elsewhere.

Instead, Mr. Reagan sketched a world whose chief problems are economic, requiring greater U.S. contributions to the International Monetary Fund, and a world of peacekeeping U.S. diplomats seeking "constructive negotiation with potential adversaries" around the globe to the applause of a bipartisan cheering section at home.

Regarding the Soviet Union, Mr. Reagan emphasized that "we are prepared for a positive change in Soviet-American relations," and expressed his willingness "to carefully explore serious Soviet proposals" on arms control in order to prevent "a wasteful arms race."

He defended U.S. bargaining positions in the Geneva disarmament talks on medium-range and strategic nuclear weapons, and said, "We insist on an equal balance of forces."

In substance, he continued to back a military buildup as a leading task of his administration. But

the rhetorical justification shifted from last January's negotiating "from a position of strength" to Tuesday's maintaining "adequate deterrence." There was no mention of his previous claim that the Soviet Union had achieved military superiority.

The president called on the new Soviet leadership to show "by deeds, as well as words," a sincere commitment to the family of nations. He added a general statement that "responsible members of the world community do not threaten or invade their neighbors, and they restrain their allies from aggression." He did not say exactly whom or what he had in mind.

It was a speech of continuity with long-established foreign policies of previous administrations, with the issue in Central America no longer one of drawing the line against communism, but of "a partnership for peace, prosperity and democracy" and the program of U.S. foreign aid "a critical investment in the future of the human race."

Neither the antecedents nor the operational significance of this remarkable change were addressed Tuesday night by White House briefers, but some elements of the answers were clear enough.

Since last January in Washington, Alexander M. Haig Jr., a retired general, has been replaced by George P. Shultz, an economist, at the helm of U.S. diplomacy.

In the Soviet Union, Leonid I. Brezhnev was replaced by Yuri V. Andropov. Although the U.S. administration does not yet see substantive changes flowing from the new Soviet leadership, there is no doubt that Moscow's new activism is a force to be reckoned with in the world.

The main international battleground at the moment is Western Europe, a fact that Mr. Reagan alluded to Tuesday night in saying that "allied steadfastness remains a key to achieving arms reductions."

It is unclear to what extent Tuesday night's speech presages a substantive shift in Mr. Reagan's main international policies in the remaining two years of his term. But for reasons of "realism" and "prudence" two key words Tuesday night, what the president said about foreign policy was drastically different from his earlier statements.



FOREIGN DIPLOMACY — Foreign Minister Hans-Dietrich Genscher of West Germany meets with the U.S. secretary of state, George P. Shultz, in Washington. After talks Wednesday with President Ronald Reagan, Mr. Genscher said the two countries agreed on the need for concrete results in the Geneva arms talks. Page 2.

Women Get Equal Voice in Family Under Law Approved in Greece

By Marvin Howe
New York Times Service

ATHENS — The Greek parliament has voted unanimously for a new Family Law that gives women an equal voice on all matters of family life.

The law represents a significant step for Greek women toward social equality, but they still have quite a way to go before they achieve the rights of most women in the West.

Before the law's passage Tuesday, the Greek man was legally the head of the family and had the final say in all domains. A married woman had to get her husband's permission to establish a business or to take their children abroad or choose a school for them.

Justice Minister Georgios Mangakis expressed satisfaction Tues-

day that the bill had won unanimous approval, but said "this is only the start."

"We have won the battle to get the bill passed," he said, "but now we need to put it into practice with concrete measures."

In an interview on the eve of the parliamentary debate, Mr. Mangakis said, "Henceforth, under the new law, husband and wife must decide together all matters relating to their common family life."

He said the law's other main provision is that for the first time in Greece, divorce is possible based on mutual consent, and if there is no agreement, on the grounds of incompatibility after four years' separation.

Mr. Mangakis listed other points under the new law:

• Man and wife keep their own

names for legal questions and can choose whichever family name they wish.

• A single mother is protected and automatically is named guardian of her children.

• Children born out of wedlock have equal rights with those from a marriage.

• In case of separation of spouses, the disfavored partner is given at least one-third of the wealth generated by the couple unless it can be proven that he or she made no contribution.

An amendment abolishes the antiquated institution of dowry, which has become a system of tax evasion. Under a law passed by the former military dictatorship, dowries were taxed by only half as much as gifts or inheritance. In the future, the transfer of property can be made to son or daughter, with or without marriage, and will be taxed at the normal rate if it is over five million drachmas (\$60,000).

The parliamentary debate on the law lasted four sessions. Despite objections from the conservative opposition regarding divorce and from the Communists regarding separation of property, in the end all the parties voted in favor of the law.

"It would have been like voting against womanhood," a Socialist member said.

The Socialist government of Prime Minister Andreas Papandreu is the first Greek government to present a concrete program for women's rights, according to Chrysanthi Laiou-Antoniou, the prime minister's adviser for equality issues and one of the team of 15 that drafted the law.

But Mrs. Laiou-Antoniou said Greece still needed new laws on labor and family planning, and beyond that is the sensitive abortion issue.

The justice minister has come under strong attack from the conservative wing of the Greek Orthodox Church over the family law. The bishop of Florina, Monsignor Augustinos Kantiotis, condemned the legislation as "a disaster for the Greek family" and called for Mr. Mangakis's exoneration.

However, Archbishop Seraphim of Athens, the primate of Greece, said the legislation was "honest" and accused conservatives of hypocrisy in defending the previous legal situation.

(Continued on Page 2, Col. 5)

Ex-Nazi Is Arrested In Bolivia for Fraud

Compiled by Our Staff From Dispatches

LA PAZ — Klaus Barbie, a former Nazi officer who is accused of having ordered the deaths of thousands of Jews and French resistance fighters, was arrested Tuesday in connection with fraud, the Bolivian government said.

Mr. Barbie, who was granted Bolivian citizenship in 1957 under the name Klaus Altmann, was known during the war as "the butcher of Lyons," the city where he was the Gestapo chief. He is said to have sent thousands of Jews to their deaths in concentration camps.

He was sentenced to death in absentia in France for crimes including the death by torture of a French resistance leader, Jean Moulin, and the killings of more than 40 children.

Mr. Barbie, 69, was arrested Tuesday after the Bolivian comptroller charged him with fraud against the state-owned Bolivian Mining Corp. He put up no resistance and was taken to Bolivia's national prison.

Mr. Barbie is accused of signing a contract for delivery of materials to the company and accepting a payment, believed to have been about \$10,000, but not satisfying

the terms of the contract or returning the money.

The arrest followed a recent ruling by the Bolivian attorney general's office that a West German request to extradite Mr. Barbie, made in May, was proper.

Foreign Minister Mario Velarde said Tuesday that Mr. Barbie could face extradition proceedings, but he added that Mr. Barbie's arrest was not linked to the extradition requests.

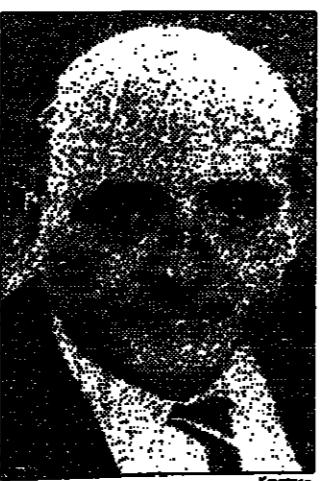
Pressed by reporters on the Foreign Ministry's plans, he said, "We must process his extradition."

"We had nothing to do with the arrest of Altmann," Mr. Velarde added. "It was an operation carried out by the Interior Ministry. We are aware of the West German Embassy's extradition demand."

Mr. Barbie's lawyer, Constantino Carrion, said he would appeal Wednesday for his client's release.

The West German request was related to the murder of Jean Moulin, France requested Mr. Barbie's extradition for the murder of Mr. Moulin in 1974 but was turned down.

Mr. Barbie has lived in Bolivia for 31 years and had good relations with a series of rightist military re-



Klaus Barbie

Saudi Arabia Reasserts OPEC Role Shock Tactics on Pricing Proposals Cause Dissent

By John Tagliabue
New York Times Service

GENEVA — In trying to win a production-sharing agreement from his colleagues in OPEC, Saudi Arabia's oil minister, Ahmed Zaki Yamani, resorted to shock tactics this week in what seemed to many a risky attempt to reassert his country's role as OPEC's pacesetter.

From conversations with delegates and from comments by Sheikh Yamani at a news conference, his approach at the meeting of the Organization of Petroleum Exporting Countries may be summarized in this way:

The 13 nations must recognize that oil prices have to come down, at least a bit, in an orderly way. If they do not, Saudi Arabia and its allies will lower prices anyway and increase their production to win back the customers they have lost to price discounts within OPEC.

But if market discounting is halted, realistic production programs can be drawn up for all members, stability will return to the market and oil revenues will flow equitably.

The main support for Saudi Arabia's policy came from Kuwait,

whose oil minister, Ali Khalifa al-Sabah, accused African members of undercutting OPEC's official \$34-a-barrel price by \$1.50 to \$2.

Sheikh Sabah said at a news conference that Libya, Algeria and Nigeria should abandon their discounts. "If they cannot, or if

and thus firm up prices. A tentative agreement apparently was reached the first day, but it unraveled Monday in the dispute over a parallel pricing policy.

Officials from Saudi Arabia, Kuwait, the United Arab Emirates and Qatar have recently expressed concern over the rapid deterioration of the oil market, which has been battered by recession, conservation and an unusually mild winter in the Northern Hemisphere.

OPEC tried in December to attack the issue, but it failed then, for the third time, to agree on how to divide a shrinking market. The failures have meant that countries such as Libya, Algeria, Nigeria and Iran, which need revenues to pay for development — and, in Iran's case, a war — have continued to shave prices to hang on to customers.

At the same time, Saudi Arabia and its allies chose to defend prices by cutting production. Saudi Arabia's production has fallen by a third in six months.

The path taken by the Arabian Peninsula nations was relatively painless for them. They have small populations and huge monetary reserves.

The consultative session of OPEC had been called to seek an agreement to limit oil production

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they think this is excessive, we are amenable to lowering prices" by that amount, he said.

Sheikh Yamani, despite the support of Kuwait, the United Arab Emirates and Qatar, did not win his point, at least not for now. But both the Saudi delegate and his Venezuelan counterpart, Humberto Calderon Berti, indicated that they expected another OPEC meeting soon could resolve the issue.

"February will be an interesting month," Sheikh Yamani said.

Saudi Arabia's presentation in Geneva drew bitter comments from, most notably, the Iranian delegate, Mohammed Gharazi, who publicly accused Sheikh Yamani of subterfuge.

INSIDE

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■ Nigeria eases its expulsion order, allowing some workers to stay temporarily. Page 3.

■ Nicaragua's Sandinistas are fighting to save their export crops from rebel attack. Page 3.

■ The U.S. trade deficit widened to a record \$42.7 billion in 1982. Page 7.

But these desert nations have resorted increasingly to using natural gas, a byproduct of oil, to generate electricity and desalinate sea water. Because of that, the need for gas effectively puts a floor under oil production, a problem that has been especially acute in Kuwait. As oil output has fallen, the availability of gas has sunk dangerously low, Sheikh Yamani said.

As Saudi Arabia's oil production has shrunk, to less than 5 million barrels a day, Iran's output has climbed to more than 3 million.

Iran, flushed by what it saw as success in its war with Iraq and the

Turk Denies Meeting With Agca

Businessman Is Wanted in Italy in Pope's Shooting

By Henry Kamm
New York Times Service

SOFIA — A Turk wanted by Italian magistrates on suspicion of complicity in the shooting of Pope John Paul II said here that he had never met the man who shot the pontiff in 1981.

Bekir Celenk said in an interview, however, that he had been in Bulgaria at the same time that Mehmet Ali Agca, the man convicted of shooting the pope, was reportedly there. Unconfirmed reports in Italian newspapers have said that Mr. Celenk offered Mr. Agca \$1.25 million in Deutsche marks on behalf of the Bulgarian secret service to shoot the pontiff.

The Bulgarian government has announced that it has detained Mr. Celenk because of the Italian charges.

Diplomats in Sofia believe that Bulgaria has no intention of allowing Mr. Celenk to leave the country should it release him. They suspect that he may for many years have collaborated with Sofia in dealings that, even if they do not include a conspiracy to murder the pope, may constitute illegal trade.

In addition to the warrant issued in Rome in the continuing investigation into the shooting of the

pope, Mr. Celenk's arrest is being sought by another Italian judge on suspicion of a role in arms and narcotics trafficking and by Turkey on charges of arms smuggling, illegal foreign-currency dealings and fiscal irregularities.

Moreover, narcotics agents in many countries, including the United States, have listed Mr. Celenk for more than a decade as a major suspect in heroin and morphine trafficking. He is believed to "launder" the proceeds of heroin sales in West Germany, a major market, through his legitimate businesses.

Mr. Celenk spoke in Turkish to an interpreter, who translated into Bulgarian for a second translator, who rendered that into English.

He said he had lived in Turkey from his birth in 1934 until 1966. A Turkish official said that from adolescence Mr. Celenk had frequently been in trouble with the law and that he was a womanizer. He was sent to Western Europe by his father "to get him out of trouble."

By his own account, he settled in Munich, where he founded an import-export business that dealt in cars and electrical appliances for Turkey and the Middle East. In 1970 he moved to Biel, a center of

the Swiss watch industry, where he worked as a watchmaker and watch exporter, he said.

In 1975 or 1976, he said, he bought a share in a small shipping company in Turkey. He phased out of other interests by 1980, he said, and settled in London to run his shipping concern, Oscar Maritime. He said that the company now owned three ships and that he owned 70 percent of the company as well as interests in other ships.

In the view of U.S. and Turkish officials, Mr. Celenk, starting soon after his arrival in Western Europe, used his companies in narcotics trafficking and arms smuggling. According to an American official, Swiss authorities intercepted conversations between Mr. Celenk and known morphine dealers in Turkey in the early 1970s and his name appeared in the address book of a large trafficker arrested in West Germany.

Mr. Celenk said he returned to West Germany last May looking for a new business. He opened an import-export house, Trakia, in Munich and traveled widely throughout Europe on business. He said he was in Bulgaria in July 1980, at the time he is reported to have recruited Mr. Agca, but he



Bekir Celenk at a news conference in Sofia in December.

said he was there only to try to buy a ship.

He said he had met no one who fit Mr. Agca's description, then or at any other time.

He conceded that he had once met Musar Cedar Celebi, who is also a suspect in the investigation into the possible plot against the pope. Mr. Celebi was extradited

earlier this month from West Germany to Italy.

Mr. Celenk said the meeting with Mr. Celebi took place in 1980 in Frankfurt and lasted an hour. "An old Turkish friend invited me, and Celebi was a friend of his," he said. He said he had forgotten about Mr. Celebi until he read about his arrest.

U.S. Says Begin Visit Isn't Now 'Opportune'

WASHINGTON — The State Department said Wednesday that Israel and the United States have agreed that a U.S. visit by Prime Minister Menachem Begin was "not opportune" as long as serious problems involving Lebanon remain unresolved.

A State Department spokesman, John Hughes, was commenting on a Washington Post report from Jerusalem that said agreement on a date for Mr. Begin to go to the United States was being withheld as a form of pressure on Israel to agree to withdraw its troops from Lebanon.

Mr. Hughes said Mr. Begin was "always welcome," but added, "As no date for a meeting has been set, there is presumably a meeting of the minds that it's not opportune" for President Ronald Reagan and Mr. Begin to meet so long as "Lebanon dominates the discussion."

Mr. Hughes said "if Lebanon were still a problem, the two would be diverted from discussing other matters" such as the wider peace process.

A U.S. official in Jerusalem was quoted in The Post on Tuesday as saying Mr. Reagan had sent Mr. Begin a letter this month saying he did not want a meeting to be dominated by details on Israel's presence in Lebanon.

Mr. Reagan "wants not just progress, but an agreement on withdrawal," the official was quoted as saying. "The president doesn't want to spend time hashing out minor details."

[In Jerusalem, Mr. Begin told the American-Israeli Public Affairs

Committee, a pro-Israel lobbying group in Washington, that the United States was criticizing Israel unjustly for the slow pace of the Lebanon talks.]

[The Associated Press said Israel radio quoted the prime minister as saying Wednesday that Israel had already given up its demand for a peace treaty with Lebanon and for holding talks in Jerusalem. But he said Israel would not back down on its demand for arrangements with Lebanon based on its security needs.]

Larry M. Speakes, a deputy White House spokesman, said Wednesday that "we are trying to work out a mutually convenient date" for Mr. Begin to visit Washington.

Secretary of State George P. Shultz, interviewed on television, declined direct comment on the report. Mr. Shultz said he had heard from Israel that Mr. Begin would like to concentrate on discussion of West Bank issues and the basic peace process of Camp David. "We agree," Mr. Shultz said.

Mr. Begin went to the United States in November for a meeting with Mr. Reagan, but the prime minister's wife died and he returned to Israel. Another invitation was extended to Mr. Begin soon afterward.

The Post said the issue of Mr. Begin's visit was first raised in a letter from Mr. Reagan delivered by the president's special envoy, Philip C. Habib. The president's letter was acknowledged by Israeli officials at the time, and Mr. Begin's aides described it as "friendly."

Bonn Aide Sees Unity In Alliance

Genscher Says Reagan Promises Cooperation

WASHINGTON — Foreign Minister Hans-Dietrich Genscher of West Germany said after meeting Wednesday with President Ronald Reagan that Mr. Reagan "emphasized the United States act in full agreement with its ally in arms control talks with the Soviet Union."

Emerging from the meeting day before U.S.-Soviet arms control talks are to resume in Geneva, Mr. Genscher said there was "agreement" between the United States and West Germany that efforts should be undertaken to the West to arrive at concrete results in the Geneva negotiations on medium-range nuclear missiles.

Mr. Genscher said Mr. Reagan had "underlined and emphasized the view that in these negotiations the American government will in full agreement with its European allies."

Mr. Genscher said Vice President George Bush's trip to East Germany beginning Sunday, was evidence of those intentions.

At the end of the meeting between Mr. Reagan and Genscher, reporters asked Reagan about a statement by H. Nitze, a U.S. negotiator, the United States "is certainly locked into the zero option, a zero option is the U.S. proposal of neither the Soviet Union nor the U.S. would star medium-range missiles in Europe."

The president, who was being photographed in the Oval Office with Mr. Genscher, laughed and said, "No questions at the press conference."

In a meeting Tuesday, Genscher told Secretary of State George P. Shultz that he continued to support the zero option proposal, according to U.S. officials who attended the meeting.

There has been concern in West Germany that the government Bonn, facing an election March 1983, might abandon its support of U.S. stance in the face of growing opposition from voters.

Mr. Genscher briefed Mr. Shultz on the recent visit to Bonn of Soviet foreign minister, Andrei Gromyko.

2 Bulgarian Officials Protest Innocence in Plot on Pope

By Henry Kamm
New York Times Service

SOFIA — With unsurprising unanimity and indignation, two Bulgarian officials wanted for questioning by an Italian magistrate protested their innocence of any involvement in a plot to assassinate Pope John Paul II.

The two officials, Todor S. Aivasov, 39, and Major Chelcho K. Vasilev, 40, who until recently had served in the Bulgarian Embassy in Rome, were interviewed separately here by arrangement with the government.

Adhering to what clearly were his instructions, Major Vasilev insisted on reading a prepared denial of all accusations before accepting questions. "I deeply condemn the terrorism of Agca," he intoned, in reference to Mehmet Ali Agca, who was convicted of shooting the pope in May 1981. "I have never seen him and never met him."

Mr. Aivasov folded and unfolded his prepared denial throughout the interview but did not refer to its text until the end of an hour-long conversation to enter a similar denial and condemnation of terrorism.

Major Vasilev left Rome in August, before the arrest of Sergei I. Antonov, representative of the Bulgarian national airline, on Nov. 25 on suspicion of complicity in the assassination attempt and before his and Mr. Aivasov's names appeared in the Italian press as suspects sought by Judge Ilario Martella.

Mr. Aivasov left Nov. 5, on what he called a routine visit to the Foreign Ministry in Sofia to discuss the budget of the embassy in Rome. He said that after his departure the Italian authorities had inquired into the possibility of lifting his judicial immunity and Bulgaria had reassigned him to duties at the ministry. He said he was in charge

of the finances of several embassies in Europe.

"My first impulse was to return to Italy, immunity or no, to reply," he said, his voice rising. "It seemed even funnier at first, a mistake. But I know the reality in Italy and I know what kind of guarantees I could expect there."

Major Vasilev said he had been reassigned to an armor command that kept him partly in the field and partly in the capital. He returned at the end of his normal assignment, he said, emphasizing that he had stayed longer than expected.

The two scorned charges attributed to Mr. Agca in the Italian press that they had accompanied him for rehearsals on the two days preceding the attempt and drove him to St. Peter's Square, in a rented car, on the day of the crime, stopping at Mr. Aivasov's apartment to pick up pistols and grenades for the Bulgarians.

Mr. Aivasov said the apartment house in which he lived, a property of the embassy, was under constant surveillance by Italian secret agents and he would have been an uncommonly stupid spy if he had driven the assassin to the scene himself and gone to his house to pick up weapons on the way.

The officials said they had alibis for the three days in question but refused to disclose them.

"I remember what I did on May 11, 12 and 13, but I wouldn't be so naive as to tell it to the press," said the major. "It would give Agca's pilots a chance to correct their accusations."

The officer asserted that the Turkish terrorist was being promoted in his accusations by the Italian secret services. The purpose, he said, was either to divert attention from scandals that had implicated such agencies or a campaign against Bulgaria and other communist countries.

But neither official echoed a charge often made in the Bulgarian press that the U.S. Central Intelligence Agency was behind the accusations.

Responding to Italian press reports that Mr. Agca had proved his familiarity with the three Bulgarians who are implicated by describing one or more of their apartments and citing their unlisted telephone numbers, Mr. Aivasov said that he had had no telephone. Major Vasilev said the three apartments in which he successively lived had telephones listed in their owners' names.

"If Agca mentioned my private number, it proves the secret service gave it to him," the major said. He refused to give his address.

The two Bulgarians said they had met Bekir Celenk, also wanted by Judge Martella for complicity, only once, at a news conference arranged by Bulgaria last month to deny the charges against its citizens.

France Aids 'New Poor'

PARIS — The government, faced with a growing number of destitute, homeless and hungry people in Paris and other large cities, announced Wednesday a series of measures aimed at fighting a new breed of poverty.

According to French aid groups, the profile of people being assisted has changed to include a new group of poor, created through such setbacks as the loss of a job, illness or the breakup of a family.

On Monday, eight charity organizations met with President Francois Mitterrand to aid the people becoming known here as "the new poor."

On Wednesday, the government said it would create emergency aid centers. It also announced the creation of relief centers open 24 hours a day in 15 major cities and of aid outlets for single mothers.

Paris, a pro-Israel lobbying group in Washington, that the United States was criticizing Israel unjustly for the slow pace of the Lebanon talks.]

[The Associated Press said Israel radio quoted the prime minister as saying Wednesday that Israel had already given up its demand for a peace treaty with Lebanon and for holding talks in Jerusalem. But he said Israel would not back down on its demand for arrangements with Lebanon based on its security needs.]

Larry M. Speakes, a deputy White House spokesman, said Wednesday that "we are trying to work out a mutually convenient date" for Mr. Begin to visit Washington.

Secretary of State George P. Shultz, interviewed on television, declined direct comment on the report. Mr. Shultz said he had heard from Israel that Mr. Begin would like to concentrate on discussion of West Bank issues and the basic peace process of Camp David. "We agree," Mr. Shultz said.

Mr. Begin went to the United States in November for a meeting with Mr. Reagan, but the prime minister's wife died and he returned to Israel. Another invitation was extended to Mr. Begin soon afterward.

The Post said the issue of Mr. Begin's visit was first raised in a letter from Mr. Reagan delivered by the president's special envoy, Philip C. Habib. The president's letter was acknowledged by Israeli officials at the time, and Mr. Begin's aides described it as "friendly."

Democrats Propose Alternative Program

By Martin Schram
Washington Post Service

WASHINGTON — Democrats offered their view of the State of the Union in a slick, made-for-television production that was heavy on alternative proposals and relatively light on the sort of attacks that are the traditional opposition-party fare.

"We can criticize the Republicans," said Senator Joseph R. Biden Jr. of Delaware. "We think frankly, though, it's time we put up or shut up."

For half an hour on Tuesday night, over the three major commercial networks, cable and public television, the Democrats presented a series of proposals. Some were new, and many were carryover ideas from last year.

Among the proposals an all-star cast of Democrats offered:

- A progressive tax-reform proposal, introduced by Senator Bill Bradley of New Jersey and Representative Richard A. Gephardt of Missouri, that they said would simplify tax laws, eliminate many deductions and lower tax rates.
- A bill that would allow no program to be enacted until revenues to pay for it have been identified.
- A proposal by Robert C. Byrd of West Virginia, the Senate minority leader, and James C. Wright Jr. of Texas, the House majority leader, that would direct the Federal Reserve Board to act so that interest rates are lowered automatically in relation to inflation.
- A new commitment that at least 3 percent of the gross national product be devoted to research and development.
- Creation of a government and business council to help small farmers find new markets for their goods.
- Creation of a National Investment Corp. to find and provide the capital funds for revitalization and modernization of basic industries.
- An American Defense Education Act to improve teacher training and to emphasize mathematics, science, engineering and computer education.
- A proposed goal to have the United States export more energy than it imports by the year 2000.
- The repair of roads, rails and other elements of the nation's commercial transportation network.



Nancy Reagan, right, is applauded before the president's State of the Union address by her son and daughter-in-law, Ron and Doria Reagan, front, and in back, a Secret Service agent; Elizabeth Hanford Dole, nominated to be secretary of transportation; and Margaret M. Heckler, nominated to be secretary of health and human services.

A Challenge To Congress

(Continued from Page 1)

greatest threat to the economic recovery he has sought and again promised. But he rejected the Democrats' contention that the roots of the projected shortfall lie either in his ambitious acceleration of military spending or in the 25-percent cut in income tax rates that he persuaded Congress to enact in 1981.

On both issues, Mr. Reagan again challenged the Democratic leadership and moderate Republicans to try to override him. But privately, some White House officials have acknowledged that the president will ultimately have to compromise. He is only setting out an initial bargaining position with his State of the Union Message and the Budget Message due next Monday, they said.

In some areas, Mr. Reagan sought to steal the thunder from his Democratic opposition by calling for efforts to contain health-care costs, upgrade educational standards in science and mathematics and prolong unemployment benefits and job-retraining initiatives.

Even with these efforts, however, the president admitted that the nation's economic ills had been "far worse" than he had anticipated and that curing them "has taken more time, and a higher toll, than any of us wanted."

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Tass Finds No Signs Of New Reagan Policy

By Dusko Doder
Washington Post Service

MOSCOW — The Soviet news agency Tass dismissed President Ronald Reagan's stated readiness to seek "a positive change" in relations with Moscow and asserted Wednesday that his "specific plans" offered "no hopes for changes in U.S. policy."

In a preliminary assessment of the president's State of the Union address, Tass said that "his speech showed that his administration has not drawn any lessons from the bitter experiences of the past two years and is bent on stubbornly pursuing the bankrupt course for an all-around buildup of military spending and simultaneous reductions in social programs."

The dispatch ignored Mr. Reagan's generally conciliatory tone as compared to his earlier pronouncements, and instead placed emphasis on his critical remarks. It accused him of distorting Soviet policies and resorting to "malicious

lies" about the alleged use of chemical weapons by the Soviet Union.

The dispatch reflected a prevalent view in Moscow's public pronouncements that Mr. Reagan should not be expected to change his hard-line foreign policy at this stage and that his conciliatory tone was an attempt to ease fears in Western Europe about a possible escalation of the East-West confrontation.

Western diplomats, however, pointed out that the preliminary reaction to the president's speech also seemed to be directed at Western Europe and that its objective was to call into question the sincerity of Mr. Reagan's tone.

Tass criticized Mr. Reagan's remarks about arms control, saying that "he made no accompanying constructive proposals which would be aimed at solving this vital problem of the present day." It said that he repeated his "pseudo-zero option" proposal, which it said "demands virtually unilateral disarmament from the Soviet Union."

Saudis Try to Reassert Leading Role in OPEC

(Continued from Page 1)

increase in oil output, threatened to eclipse Saudi Arabia as the largest and most influential OPEC member. Before the revolution in Iran, daily output was 6 million barrels.

Preliminary talks in Bahrain about 10 days ago focused on worldwide oil prices. According to sources familiar with the progress of the meetings, Sheikh Yamani carefully avoided the word "differentials," which include premiums that OPEC countries, including Libya, Algeria and Nigeria, add to oil prices to reflect higher quality and nearness to industrial markets.

But for Saudi Arabia, an increase in differentials is the key to production problems. Saudi Arabia cannot accept a production limit without an increase in differentials to make Saudi Arabia's oil more competitive, Sheikh Yamani said.

So, on Sunday, as OPEC's ministers seemed on the verge of resolving the production dispute, the problem most had come to discuss. Sheikh Yamani and his allies then demanded a discussion of differentials before they would accept a production program.

Some ministers, including Mr. Gharazi of Iran, accused Sheikh Yamani of inventing the differentials issue, which the Iranian said had not been mentioned beforehand, to sabotage the meeting.

But, Sheikh Yamani told the delegates, time was running out. Britain planned to lower the price of its North Sea oil by \$2 to \$3 "in a few days."

Oil would a downward price spiral that would destroy the oil market, he said. OPEC's dissidents would have to agree to lower oil prices and adjust differentials in a manner favorable to the Arabian Peninsula nations.

If Britain's oil price dropped, he argued, the OPEC dissidents would be hit hardest, since they compete most directly with North Sea crude.

Sheikh Yamani's prediction about North Sea oil prices gained strength Monday when officials of the British National Oil Corp. acknowledged that their major customers had requested a review of prices at the end of January, instead of March, as scheduled.

Oil prices on the spot, or non-contract, markets also fell sharply. And, as Arab delegates were quick

Gulf Ministers Hint Oil Prices May Be Cut Soon

ABU DHABI — Two Gulf oil ministers hinted Wednesday that the region's exporters might soon cut their prices in light of the failure by the Organization of Petroleum Exporting Countries to agree earlier this week on prices and production quotas.

Ali Khalifa al-Sabah of Kuwait told reporters: "We will abide by OPEC prices if other states stop giving discounts on their oil prices."

Mana Said al-Oteiba of the United Arab Emirates said his country faced huge financial problems because of falling oil revenue and had to increase its production.

Mr. Oteiba said Gulf exporters would consult on coordinating their policies. They are no longer ready to bear the burden of defending OPEC's prices, he said.

Meanwhile, oil traders in Rotterdam said that North Sea oil prices stabilized Wednesday morning at lower levels on the spot, or non-contract, market after sharp falls in the last two days.

U.S. Freeze On Budget

(Continued from Page 1)

months after the program expires March 31, Mr. Reagan called for tax breaks to employers to hire the long-term unemployed, and for funds benefiting workers thrown out of jobs by declining industries. He also called for approval of "enterprise zones" in which tax breaks are given to encourage investment in depressed urban areas.

A program of "standby" tax increases to take effect in the fiscal years 1986-88. An administration official said the tax would be in the form of a business and individual income tax surcharge, and also an energy tax, yielding \$40 billion to \$50 billion a year. The taxes would be imposed only if the deficit failed to fall below 2.5 percent of the gross national product and only if Congress achieved the spending cuts sought by Mr. Reagan.

At a briefing at the White House, senior administration officials said, in aggregate, Mr. Reagan's budget would increase about 5 percent for 1984 over 1983. The increase was regarded as the equivalent of a "freeze" by these officials because it keeps the growth of government spending at the rate of inflation.

WORLD BRIEFS

Reporter Expelled by Singapore

SINGAPORE (Reuters) — Singapore has refused to renew the employment permit of Patrick Smith, the Far Eastern Economic Review's correspondent, and has ordered him to leave at the end of next month, officials reported Wednesday.

The sources gave no reasons for the government action against Smith, 33, a U.S. citizen who has worked here 15 months for the Hong Kong-based news magazine. Mr. Smith is the first foreign journalist to be refused permission to work in Singapore in more than 10 years. He out of Singapore on Wednesday and could not be reached for comment.

The correspondent was believed to have angered Singapore's Internal Security Department last year when he wrote that the state's Internal Security Act was being invoked frequently against political adversaries Prime Minister Lee Kuan Yew's Peoples Action Party.

Walesa Back on Shipyard Payroll

WARSAW (AP) — Lech Walesa, leader of Poland's outlawed Solidarity trade union movement, was told Wednesday that he is back on payroll of the Lenin Shipyard in Gdansk but that he may not yet return to his job there as an electrician, a spokesman for Mr. Walesa said.

Mr. Walesa was turned away from the shipyard on Jan. 14 by management, which said he lacked the proper documents.

Before he can return to the shipyard, the birthplace of Solidarity, must obtain government certification that his affairs are in order and that he is working nowhere else, according to the shipyard manager Mr. Walesa, who was released from an 11-month martial law internment on November, has protested what he called "special tactics" used to keep him away from the shipyard.

Poles Flee to West in Small Plane

BERLIN (Combined Dispatches) — Three men flew from Poland Wednesday in a two-seat plane, flying over East Germany and landing at the U.S. air base at West Berlin's Tempelhof Airport, a U.S. A spokesman said.

The three were taken into custody by U.S. military police for questioning. The army spokesman said the plane had been rented from a club at an airfield in Prybunalski, a town west of Warsaw.

The Poles were handed over to West Berlin police, who said that of the men had asked to remain in the West but that the third, an air mechanic, had been taken against his will and had asked to be returned to Poland. He was handed over to the Polish military mission here.

Lithuanian Priest Faces Inquiry

MOSCOW (Combined Dispatches) — A criminal investigation been opened against Alfonsas Svarinskas, the dean of the Roman Catholic Church in Vidukle, Lithuania, on charges of anti-state activity, said Wednesday. It did not say whether Father Svarinskas was an arrest.

The announcement was made on the same day the Catholic archbishop of the neighboring republic of Latvia, Julijans Vaidots, arrived in Riga for ceremonies in which he will be elevated to cardinal. He will be first prelate living in the Soviet Union to receive that distinction.

Tass said Father Svarinskas, 57, had used his church as a cover "illegal, anti-constitutional and anti-state activities" and incited believers to open revolt against the Soviet system.

Mubarak Meets Cheysson in Paris

PARIS (UPI) — President Hosni Mubarak of Egypt, en route to Washington for a meeting Thursday with President Ronald Reagan, expressed concern Wednesday about stalled talks between Israel and Lebanon External Relations Minister Claude Cheysson said.

Mr. Mubarak met privately with Mr. Cheysson for 40 minutes during stopover at Orly airport outside Paris. Both men expressed concern about the stalemate in the talks on a troop withdrawal from Lebanon, Cheysson said. He did not elaborate.

For the Record

CAPE TOWN (UPI) — A senior officer in the South African Navy, his wife have been arrested on charges of spying for the Soviet Union, Prime Minister P. W. Botha said Wednesday. Mr. Botha identified the couple at a news conference as Commodore Dieter Gerhardt and wife, Ruth.

LONDON (UPI) — Two Jordanian students and an Iraqi mercenary pleaded not guilty Wednesday to charges that they tried to murder King Hussein of Jordan. The three were arrested in London on June 3 and is still hospitalized with brain damage.

ISTANBUL (AP) — A martial law court on Wednesday sentenced an editor and a columnist of Cumhuriyet, an Istanbul newspaper, to terms of three months each. The court commuted the sentence of editor, Oktay Gonen, to a fine of 9,000 liras (\$50). He and Oktay Akbal were convicted of trying to influence voters before a referendum in November on a new constitution.

4 Killed in Iceland Storm

REYKJAVIK — Four persons died and 33 were left homeless when snowstorms and landslides struck the fishing village of Pateksford on Iceland's west coast, the authorities reported Tuesday.

CORRECTION

Because of an editing error, the International Herald Tribune incorrectly stated Hans-Jochen Vogel's position Wednesday. He is the Social Democratic candidate for chancellor in West Germany.

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هتل بین الاقوامی

Mixed-Race Basters Differ on Independence for Namibia

By Allister Sparks
Washington Post Service

REHOBOTH, South-West Africa — The 25,000 people who live in this dry and sparsely populated region of central South-West Africa, on a high plateau between the Namib and Kalahari deserts, take a special pride in being called bastards.

People of mixed race are called coloreds in South Africa and in South-West Africa, also known as Namibia, the former German colony that South Africa has administered since World War II. But to call a mixed-race man from Rehoboth a colored is to insult him. He insists on being called a Baster. The Afrikaans word for bastard.

"It does not mean the same to us as it does to other people," said Hans Diergaard, a Baster leader. "We take a particular pride in the word. It emphasizes that we are different."

Coloreds, Mr. Diergaard said, resulted mostly from the early relationships between Afrikaners in South Africa and their Malay and Javanese slaves.

"There are no slaves in our background," he said. "Our forefathers



Maans Beukes

were immigrants — Dutch, German and French settlers — "who had relationships with African women."

The Bastards have long enjoyed a kind of self-government in their 5,300-square-mile (13,780-square-kilometer) region, and a fierce pride in their status has led to a

Many, Fearing Loss of Land to Blacks, See South Africa as Lesser Evil

switch in their role in Namibia's long struggle for independence.

Twenty years ago they were in the forefront of that struggle, among the first and most vigorous petitioners to the United Nations for international intervention to end South African control of Namibia.

Now they are among the most reluctant of all Namibian communities on the issue of independence, viewing South Africa as perhaps the lesser of two evils as they contemplate the prospect of a future under the South-West Africa People's Organization, an African nationalist movement.

"We worry that a SWAPO government would take over our territory and collectivize the land," said Mr. Diergaard. "That would be death for us because our land is our life, our history, our everything."

If the U.S.-led negotiations for Namibian independence were to result in elections for a winner-takes-all government, he said, the Bastards might boycott them.

"If you participate," Mr. Dier-

gaard said, "then you must accept the outcome, and we will never accept anything that takes our land away from us."

One of the early petitioners to the UN was Maans Beukes, who lives in a small bungalow in Rehoboth, a sprawling village stretched out along a rocky ridge.

The better houses are on top of the ridge, with a dramatic view across 50 miles (80 kilometers) of bush landscape to a range of jagged blue mountains on the horizon. The poorer houses are along the foot of the ridge.

Mr. Diergaard's house is on top with a Mercedes-Benz in the driveway. He also has a large farm in

the district. Mr. Beukes's bungalow is below. He runs a small shoe-making business in a back room, and teaches the craft to young Bastards.

Mr. Beukes asserts that Mr. Diergaard typifies a young generation that has lost sight of the meaning of the Bastards' history, which he says is a passionate commitment to independence without xenophobia.

He would vote for SWAPO, he says, and has a daughter who works for the insurgent group.

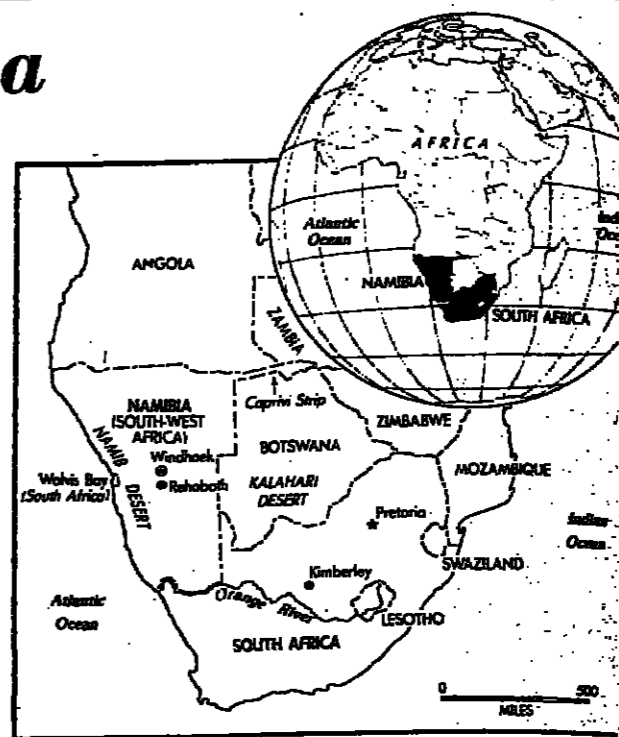
"We were the first people of color who managed to maintain a degree of independence," he said.

"There was a man who would never have gone soft," said Mr.

Angola and U.S. Meet on Namibia

Compiled by Our Staff From Dispatches
LISBON — Angolan and U.S. officials met Wednesday in Luanda, Angola, to discuss independence for South-West Africa (Namibia) and "security in southern Africa," Angola's news agency said.

South Africa said Tuesday that its own negotiations with Angola had reached a "sensitive level." Diplomatic sources in South Africa and Portugal, Angola's former colonial ruler, said the talks centered on establishing a cease-fire and buffer zone along the Angolan side of Namibia's border.



Beukes, pointing to a portrait of his father. "Nor will his son."

According to Mr. Beukes, the Bastards are the progeny of early European explorers and adventurers who penetrated the South African hinterland. They settled on unoccupied land along the Orange River in northern Cape Province.

He says, however, that the German colonists and the South Africans took away thirds of it.

Now many are wondering SWAPO will take the rest.

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SCIENCE

Assessing Dioxin's Danger To Humans: Proof Is Elusive

By Wayne Biddle
New York Times Service

NEW YORK — The deadly chemical dioxin, an unwanted byproduct of herbicides, pesticides and other industrial products, is raising increasing concern among government agencies, scientific researchers and people who may come in contact with it.

Communities from New York to Oregon have reported human health problems that they fear are linked to exposure to dioxin, although the links have not been proved scientifically.

Officials in Missouri say the number of sites they believe contaminated by the chemical has risen to about 100, and Governor Christopher S. Bond has asked the state legislature to set up a special fund to help clean them up.

Research biologists and environmental scientists generally agree that in laboratory experiments on animals, dioxin has been harmful effects, and in smaller doses, than any chemical agent has produced. Twenty-five millionths of a gram is known to be potent enough to kill a two-pound animal. There are 28 grams in an ounce.

But scientific proof of the effect on humans has been elusive. Conducting tests of toxic chemicals on people is ethically unacceptable, and establishing epidemiological proof by looking for correlations between exposure and effect on a given population is not always possible.

In some cases, cancer may not develop for 30 years after exposure to a chemical carcinogen.

Among the other unknowns about dioxin is how much of it there is in the country and how much is being produced.

Dioxin is highly insoluble in water, but it clings tightly to soil particles and dissolves in organic solvents like alcohol or oil. It can enter the body by direct skin contact, ingestion or inhalation.

Dioxin was contained in oil sprayed almost a decade ago as a dust-control measure at a highway and along roadways throughout eastern Missouri. In recent months, concern has arisen about dioxin's long-lasting effects on residents of Times Beach, Missouri, and other areas, and state and federal officials have been finding more and more sites at which the chemical was dumped.

Dioxin was among the hazardous chemicals found in 1978 at the Love Canal near a residential neighborhood of Niagara Falls, New York. It was also a chemical

contaminant of the defoliant Agent Orange, used in Vietnam. Humans who have been exposed to it near Love Canal, in Vietnam or in situations such as train wrecks or factory explosions have suffered a variety of severe health problems, including kidney and liver ailments, birth defects and cancer.

But whether it was the dioxin that caused the ailments among the humans exposed to it has not been determined to the satisfaction of medical researchers.

ONLY in recent months have scientists begun to make what they now regard as an important breakthrough. They believe a clearer understanding of the effect of dioxin on health is emerging.

Not until recent years were many physicians even trained to recognize symptoms of so-called chemical diseases. Moreover, scientists, underscoring the frequent difficulty in proving cause and effect in medicine, emphasize that it took 40 years to establish a link between cigarette smoking and lung cancer.

In a series of experiments reported in Nature and other scientific journals, a member of the dioxin group of compounds, one called 2,3,7,8-Tetrachlorodibenzo-p-dioxin, or TCDD, has been shown to be what is called a potent "tumor promoter" in rats and mice.

According to Dr. Alan Poland and others at the University of Wisconsin's McArdle Laboratory for Cancer Research, the model of tumor production derived from these experiments is relevant to humans because the excessive multiplication of cells in the skin of mice is strikingly similar to that evoked by TCDD in human skin.

Dr. Poland said TCDD did not appear to be a complete carcinogen by itself. But he said it enhanced malignant growth in cells already exposed to potential cancer-causing agents; that is, exposure to TCDD, in connection with other environmental factors, brings on the cancer.

"There is no question that dioxin plays a role in tumor formation in animals, and almost certainly has the same action on human cells," said Dr. Howard Eisen, a medical officer at the National Institutes of Health. "The basic mechanism is the same."

TCDD is the variety of dioxin found in Agent Orange, which is a mixture of 2,4-D and 2,4,5-T herbicides. TCDD is also the variety confirmed in Missouri soil by the Environmental Protection Agency. Members of the dioxin family,

known as polychlorinated dibenzo-p-dioxins, or PCDDs, are byproducts not only of herbicides and pesticides but also of dyes, pharmaceuticals, wood preservatives and other products known as chlorinated phenols.

In general, these synthetic compounds are formed by adding chlorine to hydrocarbon molecules that are derived from petroleum.

Two decades ago commercial 2,4,5-T often contained as much as 70,000 parts per billion of TCDD and sometimes more. But manufacturers say current techniques can reduce it to a level of less than 10 parts per billion. The industry maintains that it can assure safe products, especially since the material sprayed on fields is heavily diluted.

If the TCDD content of commercial 2,4,5-T is 100 parts per billion, for example, a single spraying might cause surface soil concentrations of 0.02 parts per trillion. Estimates of TCDD soil contamination from Agent Orange in Vietnam are about 0.08 parts per billion.

Spokesmen at the Dow Chemical Corp. said that by testing their output of the dichlorophenol herbicide 2,4-D nine times every 24 hours, they make sure dioxin contamination never exceeds 1 part per billion. Although 2,4-D is closely related to 2,4,5-T, it is not generally contaminated with TCDD. It does contain other less toxic dioxins, though there has been almost no research on the effects of these.

The possible risk posed by even that level of dioxin must be weighed, industry spokesmen say, against the enormous economic value of the products.

ASSESSING that risk is, of course, part of the problem. Researchers say the risk begins to appear in animals with exposure in the parts-per-1,000 billion range. The Centers for Disease Control have advised Missouri officials that materials containing more than one part per billion of TCDD should be removed from residential areas.

But that figure itself has caused some confusion. Dr. Renate D. Kimbrough of the federal disease agency expressed annoyance with news accounts that reported, incorrectly, that the agency considered dioxin concentrations below 1 part per billion in soil to be "safe."

Although this is the detection limit being used in soil tests at residential areas in Missouri, she said, it represents a compromise between health concerns and cleanup practicalities. Dr. Kimbrough said ex-

Estimated Risk of Chemical Pollutants

Percentage of increased risk of cancer, calculated on the basis of animal experiments and human epidemiologic studies, to a person weighing 150 pounds who, over a 70-year lifespan, breathes air containing one microgram of substance per cubic meter.

SUBSTANCE	USE	PERCENT RISK OF CANCER
Acrylonitrile	Making acrylic fibers	.031
Allyl chloride	Plastic pipes	.000099
Arsenic	Herbicide	.34
Benzene	Gasoline	.00074
Beryllium	Brake linings	27.0
Cadmium	Batteries	.2
Dimethylhydrazine	Space fuel	.29
Dioxin	Herbicides, fungicides	100.0

Source: U.S. Environmental Protection Agency

The New York Times

posure to lower concentrations over extended periods could still present a health risk.

In one area of Missouri, the Environmental Protection Agency said, dioxin was found last fall in surface soil concentrations of 300 parts per billion. The federal agency calculates that exposure to this soil presents an added cancer risk for children who ingest it regularly, as much as 35 percent. That is, these children have a 35 percent greater chance of contracting cancer in their lifetime than those who do not ingest the soil. This is regarded as above the approximately 30 percent risk of cancer that all Americans face.

The special properties of chlorinated phenols, of which dioxins can be a byproduct, are what make them so useful to an industrial society. But those properties, such as heat resistance and electrical resistance, insolubility in water, and chemical durability, are also what make the phenols biologically threatening. Among other things, the substances may collect in living organisms at higher concentrations than in the surrounding ecosystem, a process known as bioaccumulation.

In virtually all types of tissue in every animal species tested, Dr. Poland of the University of Wisconsin's laboratory said, TCDD induces the production of enzymes that are the organism's attempt to metabolize, or render harmless, the chemical irritant. But the enzymes are now often thought of as a double-edged sword, because organisms that have a high capacity for producing them are more susceptible to tumors at the spot where a carcinogen is administered, while those with a low capacity show distant cancers such as leukemia or lymphomas.

According to Dr. Nancy Kim of the New York State Department of Health's toxic substances assessment unit TCDD fits into one of two major cancer theories. In the first, the hypothesis is that merely one foreign molecule attaching to DNA can set off the cancer process. Because TCDD does not bind appreciably to DNA, it does not match this scheme. But its ability to cause excessive cell multiplication, known as hyperplasia, does fit the second theory, that cancer is caused by repeated irritation of tissues.

Although scientists believe that current laboratory work showing the similarities in animal cancer mechanisms has taken the research a crucial step forward, such theoretical work is only half the puzzle-solving process. The other half is human epidemiology, a tedious, time-consuming matter hindered by all the real-world ambiguities that laboratory work can filter out.

Scientists at the National Institute of Occupational Safety and Health are studying an unusually high incidence of soft-tissue sarcomas among workers exposed to dioxin at two chemical companies in Michigan and West Virginia. In a letter to the medical journal Lancet for January 1981, the researchers reported that three of 105 workers who died suffered from the rare cancer. This was 2.9 percent of the deaths in the group; the general population would be expected to show only seven one-hundredths of 1 percent.

The study might provide the first international confirmation of a 1977 report from Sweden suggesting that forestry workers exposed to 2,4-D and 2,4,5-T have a roughly fivefold higher incidence of soft-tissue sarcomas. In addition, several studies have revealed an increased incidence of Hodgkin's disease in lumberjacks and woodworkers.

TB Battle Is Far From Won

By Brenda C. Coleman

CHICAGO — Most of the sanitariums were shut down years ago. The mobile X-ray units no longer roll through dilapidated neighborhoods, and school children no longer fidget in anticipation of skin tests.

But the disease — tuberculosis — hasn't disappeared. "It is particularly problematic for us," says Dr. Gerald Burke, chairman of the department of medicine at Cook County Hospital. "We have to see either the poor who can't afford the medications or the prototypical skid row bum, who as soon as he leaves the hospital, stops taking the medications."

Cook County Hospital treated twice as many tuberculosis cases in 1982 as in 1981 — up to 600 from 300, according to Dr. Burke.

Health officials nationwide reported 27,373 new cases of tuberculosis in 1981 — a slight decrease from 1980. But authorities say the figure can be misleading because it fails to reflect a great number of victims who have had the disease for many months or years.

And it also fails to show the gains TB is making in some metropolitan areas. In Los Angeles and San Francisco, new cases rose 18 percent in 1981, and Miami had the highest TB rate in the nation — 87 cases per 100,000 people.

"I think there has been a return of interest in tuberculosis as a problem," says Dr. Kenneth E. Powell of the TB control division at the Centers for Disease Control in Atlanta. "Everybody had thought TB was simply going to disappear. It may disappear, but if it does, we're going to have to work at it."

New treatment methods have done more to promote the perception that tuberculosis has disappeared than to achieve a reduction in the number of cases, Dr. Powell says. "In the old days, people were sent to sanitariums for months at a time, but now they are usually treated in a hospital for only a few weeks, and many don't have to enter a hospital at all," he said.

Patients don't spread the disease as long as they continue medication, he says.

WHEN TB is spread, it almost always goes by air. If a person who has the disease coughs, bacteria are dispersed in water droplets which evaporate, each leaving a "droplet nucleus" that can be inhaled by someone nearby.

If the nuclei reach the smallest air sacs of the lungs, they lodge there. The body builds a wall of cells and fibers around the invad-

ing bacteria to confine them, forming a small, hard lump called a "tubercle."

As the bacteria grow in the lung, they invade new cells and the area of lung tissue they occupy becomes larger. The tissue cells die, and the whole area becomes soft. Finally, the soft tissues liquefy and the liquid material is coughed up, leaving a small cavity in the lung.

Formerly incurable, the disease was once so widespread it was called the white plague. In 1918, according to the National Center for Health Statistics, 118,000 people died in the United States of TB. But medical advances in the 1940s led to three drugs — isoniazid, streptomycin and paraaminosalicylic acid — used alone or in combination to effect a cure.

"TB no longer has the destructive impact that it used to have. People aren't sent away from their homes. In many cases, a person never has to be put in the hospital at all," Dr. Powell says.

Yet tuberculosis killed 1,780 people in the United States in 1981. And at best, successful treatment requires 18 months.

From 1968 through 1978, the number of new TB cases in the United States declined an average of 5.6 percent annually. But from 1979 through 1981, the decline slowed to 1.4 percent.

"It looks like [during 1982] we may have resumed our previous rate of decline, but it's really too early to say," according to Dr. Powell.

A lot of the cases in 1979 and 1980 were attributable to the Indo-Chinese refugees," Dr. Powell said. "But in 1981, that no longer seemed to account for the failure of the rate to decline."

Higher incidences of the disease seem to move around. Dr. Powell says. In California, the incidence increased in 1979, 1980 and 1981. In Kansas and South Carolina, the incidence rose for both 1980 and 1981. Twenty-one states had a higher rate in 1981 than in the previous year.

Part of the problem, says Dr. Burke, is the resistance to medication some tuberculosis bacteria develop when treatment is discontinued after a short period of time.

"And it's not just resistance to one drug; it's to a number of drugs, and that requires long-term hospital stays," Dr. Burke says.

"A lot of people think it's a disease of the past and are surprised to learn that it's still around," says Dr. Laurence Farer, director of the CDC's division of TB control. "It hasn't disappeared and it isn't going to disappear for many, many years. It's going to be a long, hard battle."

A Super Microscope

By Walter Sullivan
New York Times Service

NEW YORK — A University of Chicago scientist has designed an electron microscope to detect objects one-third the size of those now observable, which would make it possible to see the atomic structure of most solids for the first time.

The university will build the microscope using a grant of \$990,000 from the National Science Foundation and \$1 million of computing equipment pledged by the International Business Machines Corp.

Dr. Albert V. Crewe, a professor at the university who has been responsible for a number of major advances in electron microscopy, designed the instrument and will supervise its construction over the next three years. A distortion-correcting device that he proposed in 1981 is a key component.

He says he hopes the microscope will record details less than half an angstrom wide. One angstrom, a unit used to measure the length of light waves, is roughly four-billionths of an inch. Since atoms in many materials are spaced about one angstrom apart, Dr. Crewe be-

lieves the new device should be able to record atomic structure.

In announcing the project, the university pointed out that the most powerful microscopes today can directly detect objects no less than two angstroms wide and can record individual atoms only under special circumstances.

The device will combine features of both scanning and transmission electron microscopes and hence will be known as the Scanning Transmission Electron Microscope, or STEM. The first electron microscopes were of the transmission type and functioned much like simple microscopes in which light shines through a thin specimen.

The scanning version is able to produce three-dimensional images by bombarding the specimen with electrons and then recording the secondary electrons released by the impinging beam.

Whereas glass lenses are used in optical microscopes, those that focus electrons must be magnetic. Such lenses, however, produce an intrinsic distortion, which Dr. Crewe hopes can be removed by his sextupole (six-pole) corrector.

For Summer, Saint Laurent Pure and Simple

By Hebe Dorsey

PARIS — Yves Saint Laurent's show Wednesday had every woman in the room humming: "If I were a rich woman."

On the runway framed with opulent palm leaves and white orchids, the clothes were Saint Laurent at his best, and the wild applause was a tribute to the unrivaled king of Paris couture.

It was a good show both onstage and offstage, and the see-and-be-seen crowd included Catherine Deneuve, wearing a brown leather Saint Laurent suit, as did some of the younger customers, such as Baronne Van Zuylen, Olympia de Rothschild, Florence Grinda and Betty Catroux. Saint Laurent's mother was there, too, but as always in the second row, and wearing last season's red sequin suit.

True to himself, Saint Laurent did nothing dramatically different but kept honing his look. The result was as pure a collection as he has ever designed: controlled, disciplined, yet sexy and totally Parisian. Without missing a beat, he kept saying the same: "Less is better."

Although summer collections are often treated more lightly than winter ones, this one showed a remarkable amount of work. A great many of the clothes will fit right in with the lives of his rich customers, who travel all year and do not keep to the seasons. As Pauline Karpidas, a London socialite who has houses in Paris, Athens, Cannes, London and New York, said: "I could wear any of those suits under a fur coat."

The opening numbers were all gray suits, in understated flannel stripes or Prince of Wales checks. But the treatment was slightly different, less hard-chie and more gently feminine and softly fitted, with bosom, waist and hips all very much there. Serious as they were, these were not clothes to wear at "ladies' luncheons."

Other flirtatious tricks included diamond ankle straps, diamond cuffs, diamond heart pendants, tufted skirts, white carnations at the back of bowler hats and soft floating chiffon scarves. Matching soft, chiffon blouses had deep plunging décolletés instead of high-closing bows.

The new Saint Laurent tonic comes in bright jersey — turquoise, green or cerise — trimmed with equally vivid tricolor braid. Every other designer in Paris has shown black and white, but it takes Saint



Saint Laurent's black-and-white satin dress with stole.

Laurent to really deliver the ultimate, in the look and still score with exotic colors. Prints ranged from small field flowers — pop-

pies and daisies on black backgrounds — to splashy Gauguin prints.

Although he had a few pants,

many topped by his famous Spencer jacket that has been copied right and left, Saint Laurent's strongest statement was all those corsettees, often double-breasted and closed with gold buttons, as well as short suits under three-quarter coats.

The newest addition to evening wear is beaded sweaters over black or white long, clinging crepe skirts. Snaky satin sheaths were a lesson in draping, with Saint Laurent banding opulent Moroccan crepe with peerless technique. Some of the best were black and white, draped at both shoulder and hip, but the black dress, with a bare back except for a string of diamonds around the waist, brought down the house. So did a frothy cascade of black tulle, which made the model look as if she were wrapped in cotton candy.

This was bonus day in Paris fashion with Givenchy also delivering a superb collection, which should go straight to his rich American customers' hearts. It was full of the kind of clothes that make private planes, Maxim's luncheons, summers in the Hamptons and winters in the Bahamas.

Givenchy nipped in the waist, cinched it with black patent leather belts and put short, puffed sleeves on practically everything, including a great many coats. His new leather coats and suits were printed with tennis stripes or giant houndstooth. Of all Paris designers, Givenchy understood summer best, and his clothes were like a trip to the sunshine. Besides turquoise, raspberry and a brilliant yellow, often shown with black, Givenchy showed strong Dufy and Matisse prints.

But, as in the case of Saint Laurent's collection, the evening is where it's at, and that's what counts in all about. In one of the most opulent evening wear collections in Paris, Givenchy showed quite a few slimmers, including demure and not so demure gowns — from flamenco ruffles with beaded bodices to iridescent sequins à la Raquel Welch.

U.S. Air Force Studies Causes of Stress to Airmen

United Press International

RAMSTEIN AIR BASE, West Germany — Long working hours, fatigue and "estrangement from family life caused stress to U.S. airmen that contributed to more than half of U.S. Air Force crashes in the first six months of 1981, the air force says.

A study of 148 air crew members and 88 wives based in Britain, West Germany and Spain, found that stress was a contributory factor in seven of the 10 air force crashes in Europe from January to June 1981, an air force spokesman said Tuesday.

The report said major causes of stress were fatigue, lengthy duty away from home and alert exercises that resulted in estrangement from families. Diminished self-esteem of wives unable to find employment or to cope with language and cultural barriers is another main cause of stress that can endanger a pilot's life, the study found.

The spokesman at Ramstein, the European headquarters of the U.S. Air Force, said the air force had made advances in solving the problems by working out fairer working hours and introducing family coun-

seling centers. "Since the study was conducted, we've made considerable progress toward eliminating or reducing the irritants it cited," he said.

Brazil's Leader to Travel

The Associated Press

BRASILIA — President João Baptista Figueiredo of Brazil will travel to Mexico and Japan this year, the presidential palace said Wednesday. Foreign Ministry sources said he would also travel to China and Africa this year.

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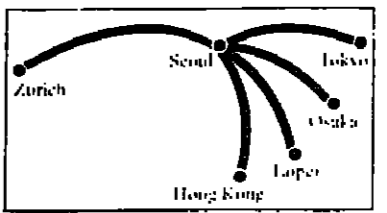
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Herald Tribune

Published With The New York Times and The Washington Post

A Reverse Oil Shock

The OPEC countries, for the fourth time in recent months, have failed to agree on the price of oil, and suddenly everyone seems alarmed that it may drop. Why, in heaven's name? Lower oil prices would not be an undiluted blessing. But if this third, reverse oil shock occurs it will be welcomed.

The first two shocks, in 1973 and 1979, sent the price soaring and caused economic havoc. Conditions have now changed profoundly. Conservation, recession and new oil sources like the North Sea and Mexico have glutted the market. And there is war in the Islamic nations. Saudi Arabia, struggling to retain its standing in the Middle East, has poured in huge sums to back Iraq against Iran.

All these conditions put intense pressure on OPEC's official \$34-a-barrel price, and that raises the strange new question: Would a price drop be good or bad? Anyone who drives a car knows it's good. A \$2-a-barrel price decline would lower gas prices in the United States by a nickel a gallon, wholly offsetting the gas tax increase coming in April. There would be other, far larger consumer benefits. Brazil, burdened by the world's largest foreign debt, would save on oil imports. So would other im-

porting countries, including the United States.

There would be some problems. The prospect of a price war sent the British pound to a new low and sent oil stocks plunging on Wall Street. Britain stands to lose North Sea oil revenue. Some of the oil giants would lose, too, depending on whether they make their money from crude or refining. Banks that have lent to oil companies and to oil countries would worry about diminished income. A \$2-a-barrel drop would cost Mexico alone \$1 billion a year. Sharp cuts would drive Nigeria to the wall; along with some other producing countries, it would have to be rescued.

The world economy is in a crisis, new sources will aggravate some problems. But the case for lower oil prices remains compelling, most of all because they would stimulate economic expansion. If the reduction is gradual, the adjustment need not be difficult. If price-slashing breaks out, the major nations will have to put together more rescue packages. Britain and Canada — even Kuwait and the Saudis — could be seriously hurt. But the world's overriding need is economic recovery. Lower oil prices would help.

— THE NEW YORK TIMES.

Watching the Saudis

The quarrel over oil-pricing has raised much excited speculation about the future of OPEC. A more important question is the future of Saudi Arabia. Everyone knows that the prospects for political stability in the Gulf region are uncertain. The point is worth further consideration, for events around the Gulf will influence the price of oil far more powerfully than the survival or collapse of OPEC.

The antagonism between Iran and Saudi Arabia goes well beyond oil and money. The latter are only the weapons in a larger struggle. When the OPEC meeting collapsed Monday, the Iranian oil minister, Mohammad Gharazi, triumphantly exclaimed, "We have also succeeded in breaking the political power of Saudi Arabia, which stems from oil." He meant that the Saudis were no longer unilaterally setting OPEC policy, but the choice of words suggests further meanings as well.

Like everything in that part of the world, friction between the two countries goes back a long way. It was well established before the Iranian revolution, but the revolution carried it to a new pitch. Populist Moslem fundamentalism of the Khomeini variety sees its true and essential enemy in the immensely wealthy and cosmopolitan hierarchy across the Gulf. Iraq's attack on Iran, followed by more than two years of war between them, has added an-

other kind of tension, since the Saudis have been giving the Iraqis financial support. In terms of national power, the Saudis have more oil but the Iraqis have more people. Iran's population is about 40 million. The Saudis have always been extremely sensitive, not to say secretive, about their population figures; they claim 9 million people, but other estimates range as low as 5.5 million.

As for OPEC, it never pushed up oil prices, and the collapse of OPEC would not bring prices down. The price of oil shot up in the 1970s because the industrial economies had been growing so rapidly that they suddenly began pressing the limits of the world's oil supply. OPEC only followed the market upward. It has been less important as an attempted cartel than as a rallying point for all of the Third World's hopes for global redistribution of wealth on a grand scale. If the price of oil now begins to sag and OPEC falls apart, there is going to be a great vengeful hunt by the poor countries along the equator, and particularly in the Middle East, for villains.

All of that is a reminder that the two great upward surges of oil prices in the 1970s followed, respectively, a war and a revolution in the Middle East. There is no reason to assume that it can't happen again.

— THE WASHINGTON POST.

Backward in Namibia

To justify its illegal occupation of Namibia, South Africa has long maintained that it was staying on to protect the cause of pluralism against leftist usurpers, and particularly to advance a genuine grass-roots party called the Democratic Turnhalle Alliance. That argument collapsed last week, however, when South Africa dissolved the alliance's grip on power in Namibia, treating Dirk Mudge, the alliance leader, as a disposable puppet.

The details that led to Pretoria's resumption of direct control are confusing but worth pursuing. South Africa is under orders from a virtually unanimous United Nations to relinquish the former German colony, which was assigned to it as a League of Nations mandate. But instead of preparing free elections that could lead to independence, the South Africans have stalled for a decade and pretended that they already permit home rule and encourage multiracial politics among Namibia's one million blacks and 70,000 whites.

And indeed, under South Africa's tutelage an elected National Assembly picked Mr.

Mudge, a white rancher, as its leader. But many whites found him too liberal while many blacks were unimpressed by his efforts to eradicate racism. With this term coming to an end he evidently wanted to prove he was nobody's stooge; as a gesture to Namibia's blacks, he led a move to abolish observance of South Africa's holidays, one of which celebrates military victories over blacks. But Pretoria's viceroy, the administrator-general, vetoed this plan and dissolved the Assembly, ditching Mr. Mudge in the process. Whatever the tensions that yielded this result, it is now plain that Namibia is no more autonomous than any other South African territory.

As long as that is so, no local leader can hope to outbid Marxist-led guerrillas for popular support. Yet the avowed purpose of Pretoria's foot-dragging on independence has been its desire to deny leftists control of Namibia. And the longer it retains control, the harder it becomes for moderate-minded Namibians to establish themselves as alternatives.

— THE NEW YORK TIMES.

Other Opinion

An Uncertain Oil Future

The renewed nervousness of the markets after the breakdown of the OPEC talks is the most natural thing in the world, for dealers are now groping their way forward in a thick fog of uncertainty. There is now a clear possibility of a major break in the oil price, which has negative implications for sterling and raises disturbing questions about the safety of energy-secured loans in such countries as Mexico, Nigeria, Venezuela and even Canada. Indeed, the fall in the price is now necessary to fulfill the Saudi hope that a weak market will frighten OPEC back into harmony.

— The Financial Times (London).

Zero as a Yardstick

A mere reduction in the number of Moscow's intermediate-range missiles in return for complete renunciation by the West could produce equilibrium, even if it were legitimate to introduce outside resources (namely those of Britain and France) into the calculation. Experience has shown that the Russians start negotiations with extreme demands in the hope of achieving maximum advantage. This makes it all the more important for the West's negotiators to retain a clear yardstick against which to measure progress. In this case, the proper yardstick is the zero option.

— Neue Zürcher Zeitung (Zurich).

This OPEC News Looks Fine

By Hobart Rowen

WASHINGTON — Don't let the mournful cries of the banks and the oil companies fool you: The collapse of the OPEC oil cartel promises lower prices not only for OPEC oil but also for domestic U.S. oil and other energy sources. It is good news for America and for depressed economies all over the world.

Some banks and some producing countries that unwisely bet that oil prices would go up forever, will be hurt, as they should be for making bad business decisions. The oil companies that gleefully rubbed hands at each new OPEC increase in the 1970s will see shrunken profits.

But lower oil prices will be a tonic for rich and poor oil-using nations alike that have been driven into a depression by a greedy cartel.

It is ironic that many observers, painfully aware of the devastating effects of the two massive oil price "shocks" in the 1970s, now brood over the prospect of a sharp price decline. Walter Levy, the well-known New York oil analyst, is widely quoted as saying that if oil drops from the present \$34-a-barrel OPEC monopoly level to \$20, it would trigger a "disaster" for Mexico and other countries heavily in debt, because their oil revenue would slide.

The \$34 monopoly price has prevailed since October 1981 despite the enormous oversupply of oil. No one in the U.S. government ever criticized the "moderate" Saudis for their role in maintaining an artificial price structure that has raised variable hell with the world's economy.

In the aftermath of OPEC's disarray and a bitter fight for market shares between the Saudis and Iran on one hand, and between the Saudis and African producers, it is not clear yet how sharp the oil price decline will be. But it is certain that the price is headed down, as was inevitable in the face of a glut. Compared to the \$34 "benchmark," the spot-market price fell on Jan. 24 to \$29.75 after the collapse of OPEC's effort to establish new production quotas and prices.

"Perhaps some bank loans to oil-producing countries like Mexico will go bad, or have to be

refinanced as the price falls," says Joseph Lerner, a Washington oil consultant. "On the other hand, most oil-importer borrowers like Brazil are also in financial difficulties, and their ability to pay back loans will improve. Bail out the bankers who school everyone in financial prudence? Poor policy. The oil glut 'signal' has been clanging for a long time, but anti-competitive producers managed to sustain prices."

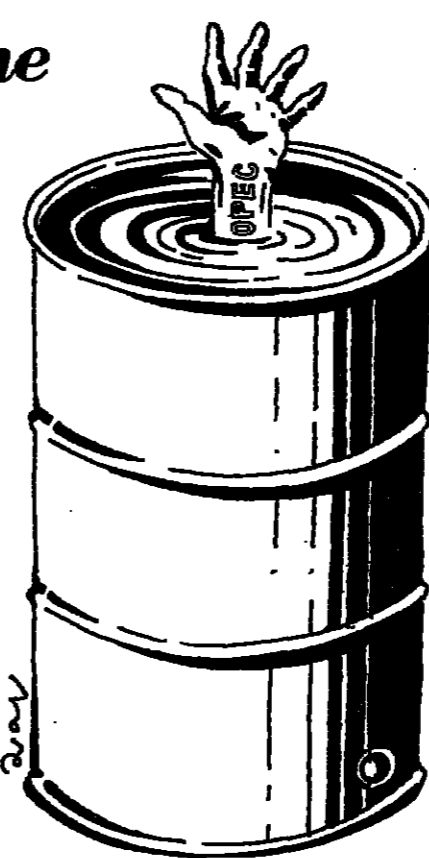
As to Mr. Levy's fear of disaster from a dramatic price break, Mr. Lerner recalls that OPEC's 1979 increase was \$12.66 a barrel, or nearly 95 percent. A reduction of \$14 to a \$20 level would be on the order of 41 percent. "Must prices go up like a rocket and decrease like a glider?" Mr. Lerner asks.

Oil analyst Lawrence Goldmuntz of Washington cites estimates that OPEC's monopoly pricing has caused 25 to 30 percent of the unemployment in the industrial countries. And according to the IMF, oil price increases are a major cause of the buildup of Third World debt estimated at an oppressive \$500 billion.

So there is reason to cheer, rather than fear, lower oil prices. Economist Walter Heller says, "A sick U.S. economy would get just the tonic the doctor ordered: the equivalent of a \$30-billion excise-tax cut that would unleash consumer spending [and] boost business profits."

The significant thing to remember is that the oil glut is not merely the result of declining demand at a time of world recession. The primary reason for the glut is that OPEC's pricing policy forced the consuming world to learn three things — how to conserve on oil use, how to find new sources of oil outside OPEC, and how to find other fuels to substitute for oil.

The cartel set the stage for its own destruction by pricing oil out of the market, as Prof. Arlon R. Tussing of the University of Alaska wrote recently. Already demand for OPEC oil has slid from the peak of 31 million barrels a day in 1979 to 17 million barrels a day. If there weren't some OPEC members already discounting — that is,



cheating on the cartel price-fixing agreement — OPEC sales would be even less. Mr. Tussing sees "the most stable and easily sustainable price range" in the future as \$10 to \$18 a barrel.

Western leaders copped out in the 1970s when they let OPEC get away with outrageous price increases. They would make another enormous error if they were encouraged by banking, oil or other self-interest groups to do anything except let nature take its course. This is a moment to cherish and enjoy.

The Washington Post.

Atlantic Alliance: The Fundamental Dilemma

By Dominique Moisi

PARIS — Is the life span of an international system necessarily limited? Metternich's system, so highly praised for its stability and longevity, lasted only 33 years until it was swept away by the revolutionary days of 1848. Bismarck's system lasted even less time, failing to survive long after the death of its creator.

Can a nuclear threat that dates from 1945 give life much longer to the security system set up in Europe after World War II?

To put it another way, can Europe live on behind the protection of an atomic shield in a frozen international environment, with its continued division as the price to pay?

The year 1983 will be decisive for the future of the Atlantic alliance. The Europeanists' quarrel has revealed the crumbling of the alliance, while accelerating it.

The stationing of U.S. medium-range missiles in some European NATO countries was intended to help avert uncoupling between Europe and the United States. One can wonder today whether the debates provoked by the 1979 NATO modernization decision have not paradoxically created instead a political and psychological uncoupling between European governments and their public opinion.

The consensus that underpinned the Atlantic alliance — acceptance of a strategic doctrine based on nuclear deterrence — no longer exists. This breakdown of consensus is being accompanied by reconsideration of the validity of the American nuclear shield, and by a more general reconsideration of America as a model, especially in West Germany.

The pernicious temptation among some Europeans to equate the two superpowers leads to a refusal to distinguish between Soviet military imperialism and the economic and cultural imperialism of the United States. Another European temptation is to be found in the rise of a "sanctified national egoism" in a time of international economic crisis, leading to openly protectionist measures.

Questioning of the alliance was inevitable. It has suffered since its inception from a structural imbalance linked to the absence of a strong Eu-

ropean pillar capable of counterbalancing American supremacy. That supremacy was alternately or simultaneously authoritarian and erratic. Today it is vacillating.

An unbalanced balance was nevertheless created. Its survival presupposed three conditions: American military supremacy over the Soviet Union, general economic growth and weak nationalism. Today these conditions no longer exist.

For many Europeans, America's military guarantee appears to be as much a threat as a protection. The economic crisis is deep and durable. And nationalism is resurfacing on both sides of the Atlantic.

The French Third Republic, aware of its institutional weakness on the eve of World War II, had given up any ideas of trying to solve its inadequacies and contradictions. This comparison is too harsh for the Atlantic alliance. The solidarity of its members, based on common values, still exists, even if attenuated.

Above all, there is no satisfactory or realistic alternative to the present

system. Europe cannot live without U.S. protection, and America cannot "lose" Western Europe without a fundamental threat to its security.

It is not easy to transcend the split in Europe stemming from Yalta. As long as Western Europe cannot guarantee its own security, the Gaullist idea of a "Europe from the Atlantic to the Urals" remains utopian.

A European defense is more necessary than ever, but it encounters the same obstacles as 20 years ago.

France, sure of its choices, bolstered in its tranquil egoism by the evolution of the international system and the budgetary constraints on its weakened economy, is not about to question the sacrosanct dogmas of its defense policy, which are accepted by both right and left.

West Germany, whatever the extent of its differences with the United States, is neither willing nor able to exchange an American nuclear guarantee for a French one. And Britain is no more willing today than 10 years ago to envisage military nuclear cooperation with France.

Meanwhile, the idea of a denuclearized and nonaligned Western Europe, starting with West Germany, remains unacceptable. It would lead to Soviet hegemony over the entire European continent and to de facto "Finlandization" of Western Europe.

Poland has shown that the Soviet empire is not ready to crumble and that the prospect of "Finlandization" of Eastern Europe, which can seem so attractive to Westerners, is not about to become reality.

In the long run the system on which Europe's security is founded, where two pillars are an American guarantee for Western Europe and Soviet control over Eastern Europe, is both politically untenable and morally unjustifiable. But the cure could be worse than the disease.

All attempts to rethink the system stumble on the German problem, to which the Atlantic alliance and the European Community were conceived as answers. Some would say they are attempts to subvert it. But one does not play lightly with history, and it seems legitimate to wonder whether a profound change in German society is taking place, which will bring to the fore again the problem of the German nation.

The system in which we live is both untenable in the long run and irreplaceable in the present context. A reassessment of the conditions of the alliance can only begin with a recognition of this fundamental dilemma.

The writer is associate director of the Institut Français de Relations Internationales and editor of its journal, *Politique Etrangère*.

Bush's Mission—Almost Impossible

By Philip Geyelin

WASHINGTON — The impression is that Vice President George Bush is being suddenly rushed into the European breach to do propaganda battle with the Soviets — to grapple for the hearts and minds of European peaceniks. And that is partly true.

But his European tour was actually in the active planning stage late last year. The idea was that early 1983 might be a good time for a top administration figure to be rallying and reassuring the allies on the most urgent arms control issue: the decision by the North Atlantic Treaty Organization in 1979 to deploy medium-range nuclear forces in Western Europe by the end of this year, in the absence of an agreement with the Soviets controlling the number of such weapons on both sides of the line.

What has happened is that the original, stately grand tour has been electrified by recent developments: the U.S.-Soviet war of words over arms control, the dangling of compromises and hints of counter-compromises, and the big shake-up of the U.S. arms control apparatus. All this offers Mr. Bush a wealth of opportunities for easing European public anxieties, soothing out the sometimes conflicting thinking of allied governments, and reaffirming Ronald Reagan's dedication to arms control.

An equal opportunity exists, however, for the careless — or misinterpreted — phrase or gesture that could make things worse.

And so, from conversations with those involved in the preparations, one comes away with a sense that, by the end of this year, in the face of the mission almost impossible.

The heart of the arms control problem right now is Europe's perception of Ronald Reagan's readiness to be reasonable. A substantial body of European opinion suspects that the U.S. president still hankers to run the Soviets into the ground economically, achieving the final (flawed) of communism in the process) by more than matching them in military spending and deployments. According to his aides, Mr. Bush will present himself as the man who knows Mr. Reagan better than just about anybody, and thus the man best positioned to testify to his boss's will to bargain in good faith.

But Mr. Bush cannot illustrate the point while Ronald Reagan is holding fast to his famous "zero-zero" proposal. This would have the Soviets dismantle all their medium-range missiles as the price for an agreement by the Western allies not to deploy in Western Europe a new generation of Pershing-2 and cruise missiles capable of reaching the Soviet Union.

The new top man in the Kremlin, Yuri Andropov, has dangled a seductive compromise that would cut the

Soviet medium-range forces down to the level of the combined French and British independent nuclear forces. It is a non-starter, yet a show of seeming flexibility. Mr. Bush will have nothing comparable to show, other than a public suggestion of the obvious: that there may be some give in the U.S. position if the talks in Geneva show serious signs of movement.

"We are not going to get into negotiating or come up with some new offer," says former four-star Adm. Dan Murphy, Mr. Bush's chief of staff. Rather, Mr. Bush will be compelled to convey U.S. determination to proceed with deployment of the intermediate-range nuclear forces on schedule, in the absence of an agreement with the Soviets. Since some of them are supposed to be operational by December, this means serious installation work will have to begin this summer. Even to suggest slippage in the timetable would rob the United States of leverage in Geneva.

Yet in West Germany, where elections are due in March, a recent poll shows that 65 percent of the public wants to negotiate on the 1979 two-track decision and delay deployment even if no progress has been made with the Soviet Union. On the face of it, taking the firm line would seem to favor West German Chancellor Helmut Kohl, who is alone among his country's leaders in sticking by the Reagan "zero-zero" position. But in practice it may work the other way: Both the Social Democratic opposition and Mr. Kohl's supposed political ally, Franz-Josef Strauss, are pushing for compromise.

There are also hints of softness in Italy's position. And Britain's Prime Minister Margaret Thatcher has suggested that there might be some merit in looking at an agreement on "balanced" forces on both sides.

Mr. Bush is "going to be doing a lot of listening," says Adm. Murphy. He would like to bring back to the president and other policy-makers the best fix he can get on European attitudes. He intends to dwell in public on common aims and values.

Mr. Bush will promise consultation and exclude camaraderie. In two major speeches (in Berlin and London) and no end of private talks he will weigh his every word.

If the Bush mission is almost impossible, it is nonetheless unavoidable. If nothing else, it will provide a necessary measure of the depth of the crisis in Western alliance affairs.

The Washington Post.

So Reagan Changes His Tune

By James Reston

WASHINGTON — President Reagan is down in the dumps, but not down in the dumps. He reads a State of the Union message better than any president since Franklin Roosevelt, and like Roosevelt he pretends to be faithful to campaign oratory while modifying it if it doesn't work.

He even quoted Roosevelt to effect that "change is the order of the day," and it is clear from this address that Mr. Reagan is changing his tune if not his policies.

He has been accused of being "merely an actor." The right wing of his party condemns him for changing his conservative campaign philosophy too much, and the Democrats scold him for not changing it enough. But it may be that his actor's instinct is his hope for the last half of a political play. At least that was the melody of his address.

In the first act, in 1981, Mr. Reagan had a bit of a triumph. In the second act, in 1982, there was a moult on the stage. He was being holed and even mocked abroad, and unemployed at home were beginning to toss chairs out of the balcony.

Very well, says Ronald Reagan with that happy smile and duck the head, let's rewrite the script for the third act. His second State of the Union message was obviously different from his first: tough but less ideological, less hostile to his opponents at home and abroad, more sensitive to the criticisms of the poor and the anxieties of the European allies.

It does not follow from this that because the Democrats may have been wrong on many of their domestic and foreign policies in the past, Mr. Reagan has been right. In some ways his experiments may have been a disaster, and what he seems to be doing now, by backing and filling and compromising in his State of the Union address, is to try to work a some kind of compromise without admitting that he is doing so.

He is talking tough but acting canny, and rather skillfully. By appointing nonpartisan commissions to study the tangles of Social Security, the MX and other nuclear weapons systems that no one has been able to solve, he has been seeking a consensus in the center, which is in no way alarms the Democrats while infuriating the extreme conservatives in his own party. This may, however, reassure the American people, who don't have much faith in either party and may sympathize with the president because of the battering he's getting from the press.

Even so, there is something Hollywood, too theatrical about the response to opposition at home and abroad. When he gets in trouble, he can deal with it one day by suppressing "leaks" out of the White House about his difficulties, and next by mounting a "public relations" campaign to convince the peacemakers and the anti-nuclear forces abroad that he is really on their side.

He is accused of being lazy, lately he has been attending rallies, labor and blacks to prove it isn't. It is said that he is insensitive to the anxieties of the Europeans, the blacks and the press, so he flies Chicago to a black students' rally, sends Vice President George Bush to Europe, puts Ambassador Philip Habib on the shuttle to the Middle East and holds two press conferences two weeks to demonstrate that he is on top of his job.

But his instinct for compromise came out in this address. And he obviously switching. With his vagueness and easy cheerfulness, claiming an optimistic riot of cost-cutting beliefs, saying that if we stick together all will be well.

So obviously there is a paradox in this speech. The melody is administrative, conciliatory, but the policies he suggests will undoubtedly raise adversary problems with the Democrats and even within his own party.

In the next two weeks Mr. Reagan will have to face the tangles of the next two years and hope that, even he has lost his support on the right, he will pick up more in the center.

For a while in his first two years in office, all the time he could spend from his ideological prejudices he voted to the neglect of his duties, lately he has been working hard, bringing things together, and this fairly clear in Tuesday's message.

The New York Times.

LETTERS TO THE EDITOR

Imperialism, Vietnam

Regarding "U.S. Exiles in Sweden" (HT, Jan. 5) by Peter Orson: Bill Schiller regards the Vietnam War as brutal and imperialistic. He is right. It was imperialistic. Unfortunately, the imperialists were allowed to win, and now they have two new colonies (Laos and Cambodia) and appear to be trying for a third (part of Thailand).

All communist states are imperialistic when they are strong enough.

R.H. LEARY, Bangkok.

Women in Switzerland

Regarding "The Wolf Plank for Feminism" (HT, Jan. 19): In Switzerland an equivalent of the ERA has been passed, and now changes are slowly getting on. For example, because there was not enough room in the badly managed schools, the authorities of the canton of Vaud had decided to make entry more difficult with hard examinations; but because they did not want more girls than boys, the marks needed for admission were set higher for the girls than for the boys. But thanks to the new law parents could appeal to the highest court in Swit-

zerland, the Federal Court, and they won. The girls were admitted. Now, when women don't get the salary that they should, or when they don't get the job they would deserve just because they lack a beard, they can appeal to the Federal Court, and this certainly speeds things up a lot. At last women have a strong platform to fight from.

S. RABATEL, Givria, Switzerland.

George Will asks, "Suppose she had gone to sea, or to the Crimean War, instead of just to the sitting room?" Little chance that she — namely, Jane Austen, who died in 1817 — could have gone to a war that lasted from 1853 to 1856.

BERNARD SINHEIMER, Boulogne, France.

Caspar Isn't Winston

Regarding "Churchillian Echoes of Implacability" (HT, Jan. 14): George F. Will compares Churchill's fight against the British apathy and appeasement toward the Nazi menace with the steadfast desire of Defense Secretary Caspar Weinberger to strengthen public safety in spite of "peaceniks" who are blind toward the Soviet menace. The parallel is erroneous.

Churchill opposed the adversaries of British rearmament, appeasers of the Nazis, who kept Britain weak. Mr. Weinberger works for the subordination of an already tremendously strong United States, on grounds of the myth of the military superiority of the Soviet Union.

ROBERT MAJOR, Vienna.

Socialism and Culture

Regarding "Has Socialism Left a Mark on French Culture?" (HT, Jan. 14) by John Vinocur: The writer would be more convincing if his remarks on French socialism were not essentially an attack against French and European culture. I am not a Socialist, but Mr. Vinocur might be the only man who could make one of me.

JACQUES SUANT, Montmorency, France.

South Africa's Indians

Regarding "A Gandhi Landmark in South Africa" (HT, Jan. 15-16): James F. Smith, in his article on Gandhi's 21 years in South Africa, speaks of the "struggle against white rule for the rights of Indians," but fails to mention the government's re-

cent acceptance of the most reaching proposals that the South African Parliament has seen since 1948. The proposals allow for power sharing between the whites, the 2.5 million coloreds (people of mixed race) and the 850,000 Indians.

Within the ruling National Party the proposals were seen as so radical that a major split occurred in the party in February 1982. The fact that party's popularity has since declined by 20 percent proves the extent to which the government is committed to the search for a just solution.

The article also gives the false impression that the South African authorities would prefer to have G. D. H. Gordon, Gandhi, as the symbol of the South African Indian's political aspirations, gets extensive coverage in the history books of grade 10 and 11 in government schools.

C. VAYENA, Athlone.

FROM OUR JAN. 27 PAGES, 75 AND 50 YEARS AGO

1908: Iranian Mob Wins Out

TEHRAN — A large mob surrounded the Governor's residence and demanded that a certain Reza, who was in prison there for murdering his brother, be handed over to it. On the Governor's refusal to give him up the mob stormed the residence, released all the prisoners and got hold of Reza, whom it riddled with shots. At Tabriz several clashes between political parties have taken place lately, many being killed and wounded. A telegram reached here stating that Prince Firman Firma, commanding the troops on the Turkish frontier, had returned to Mahabad. Ehtesham-ol-Saltaneh, President of the National Assembly, has resigned. The people insist upon the execution and punishment of the leaders of the recent troubles.

1933: Billion-Dollar Relief

WASHINGTON — Having disposed of the Glass banking bill, the Senate turned toward a gigantic program for direct relief of the nation's destitute and unemployed, envisaging the appropriation of \$1 billion for disbursement to the states through a special relief board appointed by the President. The huge relief project, which is reported to have the approval of President-elect Roosevelt, and which is in line with his repeated recommendations, was agreed to by the Senate majority committee, which decided to link the \$500,000,000 Costigan-La Follette relief bill tabled at the last session with other relief programs, to provide direct grants to the states for relief work.

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WALL STREET WATCH

By EDWARD ROHRBACH

A Veteran Market Analyst Says The Only Rule Is Stay Flexible

THE venerable Dow theory's most prominent exponent, Richard Russell, is marking his 25th year as editor of Dow Theory Letters, published in La Jolla, California. Here's what he has learned about the stock market in all those years.

• There are no invariable rules pertaining to buying and selling stocks. There are a lot of probabilities on Wall Street, but no certainties. Just about every time a rule is followed, it ceases to work.

• Every investment position exists a psychic toll. I don't care whether you buy 500 shares of telephone or 1,000 shares of Warner Communications or \$1 million worth of government bonds or a home in Coral Gables, each of those moves will take something out of your guts. Therefore, never make a move that your instincts can't handle. And be prepared to take the tension or anxiety generated by the move.

• This may come as a shock to some people, but you can lose money following a Wall Street guru (otherwise known as market genius). I've seen it happen over and over again. Yes, there are geniuses on Wall Street, but there are no geniuses who are right all the time.

• The least understood but most important concept in investing is risk-reward. Successful investors always understand risk-reward. The basis of risk-reward is simple: How much can I make versus how much I can lose. The best risk-reward situation occurs when values are temporarily depressed due to unusual circumstances.

• Here's a rule I've seen proved over and over. Greed, over-speculation and "positions that are too large" tend to be disastrous. Never go over your head with a position, regardless of how good that particular item may appear. The market has an uncanny instinct for destroying pigs. It invariably leads them to slaughter.

• This is a rule that I've learned to respect over the years. It's absurdly simple, but profound. The rule is that "the market can do anything."

• Occasionally, very occasionally, you're going to have to deal with a big primary bear market. When that happens, you've got to protect your assets. Because when a big bear market hits, the work and savings of a lifetime can be decimated—and the chances are you'll never make a full financial recovery. Therefore, don't push your luck. When he shows (and it may occur a few times in your lifetime) you must get out of his way. Riding a major bear market is the financial world's counterpart to suicide.

Mr. Russell described the Dow theory, a method of identifying major stock market trends by charting movements of the Dow Jones industrial and transportation averages, as the "grandfather of technical analysis." He said the high point for him and the Dow theory as a forecast was calling the 1974 market bottom "right on the button."

"Right now, the market looks very strong, absorbing a lot of bad news these last few days," he said. "It appears to be correcting internally."

Bright Future for Cable

With a \$1.5 billion capital spending plan—the amount that it is expected cable television will be generating annually in Europe by the late 1980s—the outlook appears appetizing for CATV suppliers. Texaco Corp., probably the leading "pure play" in the field, is making the rounds to set up joint manufacturing facilities with big European electronics companies or to build its own plants.

"How fast Europe moves into CATV will not be determined by consumer demand but by politics," said Carl Pohlitz, Texaco president. "While entertainment has been the impetus for cable TV in America, European governments see it as a broad-based communications system, and they are concerned about exercising control."

Yet he sees the market potential in Europe (where Texaco has had a foothold for 10 years with offices selling traditional electronics testing equipment) greater than that in the United States. There, 30 percent of the country is cabled and subscribers total 25 million to 30 million, a figure expected to double by 1990.

Texaco, whose sales and earnings per share have advanced the last four years at annual rates of 57 and 95 percent, respectively, is a Bear Stearns buy recommendation.

Drexel Burnham, in a report called "Evolution of the Media in the 1980s," predicts that "large multi-media companies with significant cable participation" will prove "rewarding long-term investments." Named are Time, Cox Communications, Times Mirror, Capital Cities Communications and Multimedia.

John C. Ball, special situations analyst with Paine Webber, is featuring two over-the-counter stocks with contrasting earnings records in meetings with European investors.

Western Digital, a turnaround attraction, is coming off a 51-cent-a-share loss in 1982. Mr. Ball expects the manufacturer of highly sophisticated semiconductor chips — whose "orders are strong now" — to earn 10 cents this year and 35 cents a share in 1984. Kaman, a conglomerate making helicopters and bearings, is posting its 14th straight year of earnings gains. He called Kaman "a sleeper."

Other smaller, technology-oriented stocks he is recommending are, in order, Decision Data, Rockwell, Comdata and Thermo Electron. But like his first two choices, he noted, they are "not cheap."

International Herald Tribune

CURRENCY RATES

Interbank exchange rates for Jan. 26, excluding bank service charges.

	\$	DM	FF	£	Y	S	Sc	DK
Australia	2.24	1.12	110.15	2.81	1.19	1.12	1.12	1.12
Belgium	47.25	23.62	236.2	12.36	4.83	1.12	1.12	1.12
Canada	1.33	0.66	6.60	0.71	0.28	1.12	1.12	1.12
France	6.55	3.27	32.7	1.36	0.53	1.12	1.12	1.12
Germany	1.93	0.96	9.60	1.08	0.42	1.12	1.12	1.12
Italy	1.36	0.68	6.80	0.74	0.29	1.12	1.12	1.12
Japan	1.78	0.89	8.90	1.00	0.39	1.12	1.12	1.12
Netherlands	2.03	1.01	10.1	1.10	0.43	1.12	1.12	1.12
Spain	1.66	0.83	8.30	0.92	0.36	1.12	1.12	1.12
Sweden	1.36	0.68	6.80	0.74	0.29	1.12	1.12	1.12
Switzerland	1.48	0.74	7.40	0.81	0.32	1.12	1.12	1.12
U.K.	1.00	0.50	5.00	1.00	0.40	1.12	1.12	1.12
U.S.	1.00	0.50	5.00	1.00	0.40	1.12	1.12	1.12

INTEREST RATES

Eurocurrency deposits Jan. 26

	Dollar	DM	FF	£	Y	S	Sc	DK
1M	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4
3M	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4
6M	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4
1Y	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4	8 1/4

Key Money Rates

	United States	Other	Prev.	Britain	Other	Prev.
Discount Rate	8 1/4	8 1/4	8 1/4	11	11	11
Federal Funds	8 1/4	8 1/4	8 1/4	11	11	11
Prime Rate	11	11	11	11	11	11
Broker Loan Rate	9 1/4	9 1/4	9 1/4	11	11	11
Comm. Paper, 90-180 days	8 1/4	8 1/4	8 1/4	11	11	11
3-month Treasury Bills	8 1/4	8 1/4	8 1/4	11	11	11
6-month Treasury Bills	8 1/4	8 1/4	8 1/4	11	11	11
CDs 90-180 days	8 1/4	8 1/4	8 1/4	11	11	11
CDs 180-360 days	8 1/4	8 1/4	8 1/4	11	11	11

GOLD PRICES

	A.M.	P.M.	Chg.
London	428.25	428.00	+0.25
New York	428.25	428.00	+0.25
Paris	428.25	428.00	+0.25
Zurich	428.25	428.00	+0.25
Frankfurt	428.25	428.00	+0.25
Amsterdam	428.25	428.00	+0.25
Stockholm	428.25	428.00	+0.25
Copenhagen	428.25	428.00	+0.25
Oslo	428.25	428.00	+0.25
Helsinki	428.25	428.00	+0.25
Tokyo	428.25	428.00	+0.25
Singapore	428.25	428.00	+0.25
Bombay	428.25	428.00	+0.25
Calcutta	428.25	428.00	+0.25
Rangoon	428.25	428.00	+0.25
Manila	428.25	428.00	+0.25
Cebu	428.25	428.00	+0.25
Batavia	428.25	428.00	+0.25
Sourabaya	428.25	428.00	+0.25
Yokohama	428.25	428.00	+0.25
Kobe	428.25	428.00	+0.25
Osaka	428.25	428.00	+0.25
Nagasaki	428.25	428.00	+0.25
Kyoto	428.25	428.00	+0.25
Fukuoka	428.25	428.00	+0.25
Sapporo	428.25	428.00	+0.25
Hiroshima	428.25	428.00	+0.25
Sendai	428.25	428.00	+0.25
Utsunomiya	428.25	428.00	+0.25
Maebashi	428.25	428.00	+0.25
Utsunomiya	428.25	428.00	+0.25
Maebashi	428.25	428.00	+0.25
Utsunomiya	428.25	428.00	+0.25
Maebashi	428.25	428.00	+0.25

A Roundup of Fourth Quarter Bank Results

1982 results for the nation's 15 largest bank holding companies

Return on Assets	Return on Equity	Leverage	Change in Earnings
Return on each \$100 of average total assets	Return on each \$100 of average stockholder equity	Primary capital as a percent of average total assets	Percent change in operating earnings from 1981
J.P. Morgan 80.88	J.P. Morgan 319.35	Mellon 5.90%	Crocker National -29%
Mellon 0.77	Security Pacific 18.84	Marine Midland 5.64%	Chemical -39%
Security Pacific 0.75	Chemical 17.40	Continental Illinois 5.34%	Manufacturers Hanover -20%
Chemical 0.67	Citibank 15.78	J.P. Morgan 5.33%	Security Pacific +2%
Citibank 0.58	Mellon 15.25	Crocker National 5.32%	First Chicago -15%
Bankers Trust 0.57	Bankers Trust 14.84	First Interstate 5.12%	Marine Midland -5%
First Interstate 0.57	Chase Manhattan 13.82	First Chicago 5.06%	Mellon -8%
Chase Manhattan 0.56	Manufacturers Hanover 13.73	Chemical 5.04%	J.P. Morgan -5%
Manufacturers Hanover 0.54	First Interstate 12.84	Wells Fargo 4.93%	Wells Fargo -3%
Wells Fargo 0.52	Wells Fargo 12.08	Chase Manhattan 4.91%	Bankers Trust -0%
Marine Midland 0.52	Marine Midland 11.78	Security Pacific 4.70%	First Interstate -10%
First Chicago 0.45	First Chicago 11.57	Manufacturers Hanover 4.68%	Citibank -12%
Continental Illinois 0.38	Continental Illinois 9.64	Bankers Trust 4.54%	Chase Manhattan -13%
Crocker National 0.28	BankAmerica 8.83	Citibank 4.23%	Chase Manhattan -30%
BankAmerica 0.24	Crocker National 6.02	BankAmerica 4.20%	Continental Illinois -40%

*Primary capital includes common and preferred stock, surplus and undivided profits, contingency and other capital reserves.
*Excludes \$5 million after-tax gain from sale of banking subsidiaries.

The New York Times

Use of Money Market Funds Helps New York Banks Lead West Coast

By Robert A. Bennett

NEW YORK — Despite mounting problems with foreign and domestic loans and the rising cost of consumer deposits, most of New York's leading banks reported strong earnings for the fourth quarter and all of 1982.

But in California, banks generally did less well than the previous year.

The difference reflects the greater use that New York banks make of funds available in the money markets, where rates have been declining. Recently they have been around 8 percent or less.

California banks, on the other hand, depend heavily on retail consumer deposits, which have recently been costing the banks 11 percent and more. Thus, in general, California banks pay considerably more for use of money than their New York counterparts.

Until mid-1982, when money market rates began to fall, consumer funds had been cheaper than funds obtained in the money markets. As a result there has been a reversal in the relative cost of funds for the New York and California banks.

The California banks have long depended on retail deposits, traditionally low cost, to support hundreds of branches across the state. In addition to the drying up of that inexpensive source of funds, the banks have been hard hit by rising problem loans to the housing, farming and high-technology industries.

The contrast between New York and California was most apparent at the two giants of the banking industry, Citicorp of New York, ranked No. 1, and BankAmerica Corp. of San Francisco, No. 2.

For the entire year, Citicorp's net operating earnings soared 35 percent, to \$747 million, while BankAmerica's dropped 6 percent, to \$419.6 million. For the fourth quarter Citicorp's earnings dropped 12 percent, to \$190 million; BankAmerica's, helped by special factors, declined 13.3 percent, to \$73.4 million.

More important, in terms of basic profitability, measured by the rate of return on total assets, Citicorp outperformed by far its West Coast rival. Citicorp's return for the year on each \$100 of total assets amounted to 61 cents, up from 48 cents in 1981, while BankAmerica's amounted to 35 cents, down from 39 cents. For the quarter, Citicorp's return dropped to 58 cents, from 73 cents, and BankAmerica's fell to 24 cents, from 29 cents.

In addition, analysts who follow bank stocks noted that Citicorp's earnings were straightforward, while BankAmerica's were helped by nonrecurring factors. For example, BankAmerica's fourth-quarter earnings were bolstered by a \$30.8 million gain as the result of a swap of equity for debt. This amounted to almost 42 percent of BankAmerica's after-tax earnings in the fourth quarter.

It was common for banks in 1981 to use this accounting device to increase net operating earnings, but some analysts found it surprising that BankAmerica used the technique in the fourth quarter of 1982, because the accounting profession had declared that such income, if material, should be treated as an expense.

(Continued on Page 9, Col.1)

A Roundup of Bank Results for 1982

Full year results for the nation's 15 largest bank holding companies

Return on Assets	Return on Equity	Leverage	Change in Earnings
Return on each \$100 of average total assets	Return on each \$100 of average stockholder equity	Primary capital as a percent of average total assets	Percent change in operating earnings from 1981
J.P. Morgan 80.88	J.P. Morgan 319.35	Mellon 5.90%	Crocker National -29%
Mellon 0.77	Security Pacific 18.84	Marine Midland 5.64%	Chemical -39%
Security Pacific 0.75	Citibank 15.78	Continental Illinois 5.34%	Manufacturers Hanover -20%
Chemical 0.67	Citibank 15.78	J.P. Morgan 5.33%	Security Pacific +2%
Citibank 0.58	Mellon 15.25	Crocker National 5.32%	First Chicago -15%
Bankers Trust 0.57	Bankers Trust 14.84	First Interstate 5.12%	Marine Midland -5%
First Interstate 0.57	Chase Manhattan 13.82	First Chicago 5.06%	Mellon -8%
Chase Manhattan 0.56	Manufacturers Hanover 13.73	Chemical 5.04%	J.P. Morgan -5%
Manufacturers Hanover 0.54	First Interstate 12.84	Wells Fargo 4.93%	Wells Fargo -3%
Wells Fargo 0.52	Wells Fargo 12.08	Chase Manhattan 4.91%	Bankers Trust -0%
Marine Midland 0.52	Marine Midland 11.78	Security Pacific 4.70%	First Interstate -10%
First Chicago 0.45	First Chicago 11.57	Manufacturers Hanover 4.68%	Citibank -12%
Continental Illinois 0.38	Continental Illinois 9.64	Bankers Trust 4.54%	Chase Manhattan -13%
Crocker National 0.28	BankAmerica 8.83	Citibank 4.23%	Chase Manhattan -30%
BankAmerica 0.24	Crocker National 6.02	BankAmerica 4.20%	Continental Illinois -40%

*Primary capital includes common and preferred stock, surplus and undivided profits, contingency and other capital reserves.
*Excludes \$5 million after-tax gain from sale of credit card business and two separate banks.

The New York Times

Stock Prices Mixed in Erratic N.Y. Trading

NEW YORK — Selling hit the New York Stock Exchange Wednesday afternoon, leaving prices mixed at the close, as Wall Street worried about the direction of interest rates.

The Dow Jones industrial average turned in an erratic performance, falling more than six points in the first hour, showing a gain of 1 1/2 points at midday and then changing direction again in the afternoon to close off 4.04 at 1,037.99.

Advances managed to better declines, however, by a ratio of eight to seven, while volume narrowed to 73.7 million shares from 79.7 million Tuesday.

Analysts attributed the afternoon weakness in stocks to a report by Citibank economists that the Federal Reserve will be forced to rein in money growth sometime during the second quarter to combat inflationary fears.

Leif Olsen, chairman of Citibank's economic policy committee, said that while rates should decline somewhat further in coming weeks, "a corrective action will have to come."

Also worrying investors was a gain in the closely watched federal funds rate, on overnight loans between banks, to 8 1/4 percent from Tuesday's close of 8 percent.

Analysts said the volatile up and down indicated the market still is in the process of a long-anticipated pullback from the historic rally that began in August.

The Dow Jones average climbed 315 points from mid-August to an all-time high of 1,092.35 on Jan. 10.

U.S. Trade Gap Widens As Bonn Surplus Grows

WASHINGTON — The United States reported Wednesday a record trade deficit for 1982, while West Germany said its trade account closed out the year very strongly on the plus side.

Despite a narrowing of the U.S. trade deficit in December to a seasonally adjusted \$3.7 billion, U.S. trade still finished the year at a record deficit of \$42.7 billion, the Commerce Department said. The previous record was \$42.4 billion in 1978.

Anticipating a domestic recovery, government officials, including Commerce Secretary Malcolm Baldrige, have estimated that the merchandise trade deficit for 1983 may nearly double the 1982 total. Mr. Baldrige said Jan. 19 that he could see a "\$60 billion to \$80 billion trade deficit in 1983."

The U.S. trade deficit with Japan last year totaled \$19 billion, up from 1981's \$18 billion.

West Germany reported larger-than-expected surpluses on the current account — 5.3 billion Deutsche marks (\$2.2 billion) — and in trade — 6.4 billion DM — for December.

The December figures brought

the current account for the whole year into a surplus of 7.5 billion DM, and raised the trade surplus for the year to 51.2 billion DM. The current account includes certain capital transfers as well as trade in goods and services.

The U.S. dollar, responding partly to the trade differential and partly to President Ronald Reagan's State of the Union address Tuesday night, turned in an erratic performance on foreign exchange markets.

The dollar fell sharply against the Japanese yen in Tokyo — to 233.7 yen from Tuesday's 239.65 — soon after Mr. Reagan's speech. It also declined in early trading on European markets, opening at 2,403.3 Deutsche marks, compared with Tuesday's 2,421.5 DM — in anticipation of lower U.S. interest rates if the budget deficit is brought under control.

But the dollar then recovered some ground as buyers had another look at the possible effects of the president's proposals. The dollar closed in London at 2,414.2 DM and 234.37 yen.

The dollar rose sharply to 2,436.0 DM on news of the trade deficit for December, which was less than the \$5 billion expected by most

market participants. But it later eased back slightly to 2,437.7 DM.

The British pound, which had been sliding, was slightly firmer against major European currencies as the dollar weakened and spot prices for oil steadied.

The pound opened at \$1.5509 after closing Tuesday at \$1.5387, and traded in the \$1.55 range all day, dealers said.

The rate on federal funds, overnight loans between banks, was firm at 8 1/4 percent, supporting the dollar, although the U.S. currency's rise was slowed when the Federal Reserve added reserves with system repurchase agreements, dealers said.

The dollar closed in Frankfurt at 2,415 DM, against 2,431.5 Tuesday; in Paris at 6,842.5 French francs, compared with 6,867.5; in Brussels at 48.90 Belgian francs, against 49.05; and in Zurich at 1,985 Swiss francs, down from 1,991.

U.S. exports fell 9.2 percent, or \$21.5 billion, in 1982, and that decline more than offset a 6.8 percent drop in U.S. imports, producing the record deficit.

In December alone, exports rose 4.1 percent from November to \$16.34 billion; it was the first monthly gain since June.

Bethlehem Steel Sets a Record With \$1.15-Billion Quarter Loss

PITTSBURGH — Bethlehem Steel Corp., the second-largest U.S. steel producer, announced Wednesday that it lost \$1.15 billion in 1982 and \$1.15 billion in the year's fourth quarter, the highest quarterly loss in U.S. corporate history.

The loss surpassed a \$1.01 billion loss in 1981's final quarter by International Harvester Co.

Bethlehem also

Wednesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

Tables include the nationwide prices up to the closing on Wall Street.

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

Jan 26 | Close Singapore

136.50
248.50

[illegible]

26 | FRENCH FRANC

\$ per franc; 1 point equals \$0.00001

Open	High	Low	Settle	Chg.	Open	High	Low	Settle	Chg.	
Dec	528.50	511.00	523.00	+31.10	+1.40	Jan	1400.00	1390.00	1400.00	+1.00
Nov	526.00	510.00	521.00	+31.00	+1.40	Dec	1400.00	1390.00	1400.00	+1.00
Oct	524.00	508.00	520.00	+32.00	+1.40	Nov	1400.00	1390.00	1400.00	+1.00
Sep	522.00	506.00	518.00	+32.00	+1.40	Oct	1400.00	1390.00	1400.00	+1.00
Aug	520.00	504.00	516.00	+32.00	+1.40	Sep	1400.00	1390.00	1400.00	+1.00
Jul	518.00	502.00	514.00	+32.00	+1.40	Aug	1400.00	1390.00	1400.00	+1.00
Jun	516.00	500.00	512.00	+32.00	+1.40	Jul	1400.00	1390.00	1400.00	+1.00
May	514.00	498.00	510.00	+32.00	+1.40	Jun	1400.00	1390.00	1400.00	+1.00
Apr	512.00	496.00	508.00	+32.00	+1.40	May	1400.00	1390.00	1400.00	+1.00
Mar	510.00	494.00	506.00	+32.00	+1.40	Apr	1400.00	1390.00	1400.00	+1.00
Feb	508.00	492.00	504.00	+32.00	+1.40	Mar	1400.00	1390.00	1400.00	+1.00
Jan	506.00	490.00	502.00	+32.00	+1.40	Feb	1400.00	1390.00	1400.00	+1.00
Prev. sess. 511.11						Jan	1400.00	1390.00	1400.00	+1.00
1-day's open in 114.80, up 427.						Prev. day's open in 146.00, 44.				

GERMAN MARK

5 per cent; 100 points, 50,000

Jan 4171 | 4175 | 4138 | -15 |

Feb 4171 | 4175 | 4138 | -15 |

Mar 4171 | 4175 | 4138 | -15 |

Apr 4171 | 4175 | 4138 | -15 |

May 4171 | 4175 | 4138 | -15 |

Jun 4171 | 4175 | 4138 | -15 |

Jul 4171 | 4175 | 4138 | -15 |

Aug 4171 | 4175 | 4138 | -15 |

Sep 4171 | 4175 | 4138 | -15 || Oct | 4171 | 4175 | 4138 | -15 |
Nov	4171	4175	4138	-15						
Dec	4171	4175	4138	-15						
Est. sales 10,422										
Prev. day's open in 15,504, 44.										

JAPANESE YEN

5 per cent; 1 point equals 30,000

Jan 80470 | 80495 | 80407 | -84 |

Feb	80470	80495	80407	-84						
Mar	80470	80495	80407	-84						
Apr	80470	80495	80407	-84						
May	80470	80495	80407	-84						
Jun	80470	80495	80407	-84						
Jul	80470	80495	80407	-84						
Aug	80470	80495	80407	-84						
Sep	80470	80495	80407	-84						
Oct	80470	80495	80407	-84						
Nov	80470	80495	80407	-84						
Dec	80470	80495	80407	-84						
Est. sales 15,556										
Prev. day's open in 15,556, 57.										

SWISS FRANC

5 per cent; 1 point equals 50,000

Jan 5180 | 5181 | 5044 | -399 || Feb | 5180 | 5181 | 5044 | -399 |
Mar	5180	5181	5044	-399						
Apr	5180	5181	5044	-399						
May	5180	5181	5044	-399						
Jun	5180	5181	5044	-399						
Jul	5180	5181	5044	-399						
Aug	5180	5181	5044	-399						
Sep	5180	5181	5044	-399						
Oct	5180	5181	5044	-399						
Nov	5180	5181	5044	-399						
Dec	5180	5181	5044	-399						
Est. sales 15,556										
Prev. day's open in 15,556, 57.										

Industrials

1000000 B.N. = 1 per 1000 B.N. = 100

Jan 17930 | 17935 | 17928 | -16 || Feb | 17930 | 17935 | 17928 | -16 |
Mar	17930	17935	17928	-16						
Apr	17930	17935	17928	-16						
May	17930	17935	17928	-16						
Jun	17930	17935	17928	-16						
Jul	17930	17935	17928	-16						
Aug	17930	17935	17928	-16						
Sep	17930	17935	17928	-16						
Oct	17930	17935	17928	-16						
Nov	17930	17935	17928	-16						
Dec	17930	17935	17928	-16						
Est. sales 2,600										
Prev. day's open in 2,600, 57.										

WSTX. PLYWOOD

7520000 S.N. = 1 per 1000 S.N. = 100

Jan 2000 | 2000 | 2000 | 0 || Feb | 2000 | 2000 | 2000 | 0 |
Mar	2000	2000	2000	0						
Apr	2000	2000	2000	0						
May	2000	2000	2000	0						
Jun	2000	2000	2000	0						
Jul	2000	2000	2000	0						
Aug	2000	2000	2000	0						
Sep	2000	2000	2000	0						
Oct	2000	2000	2000	0						
Nov	2000	2000	2000	0						
Dec	2000	2000	2000	0						
Est. sales 2,600										
Prev. day's open in 2,600, 57.										

Stock Indexes

S&P COMP. INDEX

points and cents

Jan 1285 | 1285 | 1285 | 0 || Feb | 1285 | 1285 | 1285 | 0 |
Mar	1285	1285	1285	0						
Apr	1285	1285	1285	0						
May	1285	1285	1285	0						
Jun	1285	1285	1285	0						
Jul	1285	1285	1285	0						
Aug	1285	1285	1285	0						
Sep	1285	1285	1285	0						
Oct	1285	1285	1285	0						
Nov	1285	1285	1285	0						
Dec	1285	1285	1285	0						
Est. sales 24,986										
Prev. day's open in 15,517, 10.										

Value Line Index

points and cents

Jan 1285 | 1285 | 1285 | 0 || Feb | 1285 | 1285 | 1285 | 0 |
Mar	1285	1285	1285	0						
Apr	1285	1285	1285	0						
May	1285	1285	1285	0						
Jun	1285	1285	1285	0						
Jul	1285	1285	1285	0						
Aug	1285	1285	1285	0						
Sep	1285	1285	1285	0						
Oct	1285	1285	1285	0						
Nov	1285	1285	1285	0						
Dec	1285	1285	1285	0						
Est. sales 24,986										
Prev. day's open in 15,517, 10.										

Commodity Indexes

Major's

1000000 B.N. = 1 per 1000 B.N. = 100

Jan 1285 | 1285 | 1285 | 0 || Feb | 1285 | 1285 | 1285 | 0 |
Mar	1285	1285	1285	0						
Apr	1285	1285	1285	0						
May	1285	1285	1285	0						
Jun	1285	1285	1285	0						
Jul	1285	1285	1285	0						
Aug	1285	1285	1285	0						
Sep	1285	1285	1285	0						
Oct	1285	1285	1285	0						
Nov	1285	1285	1285	0						
Dec	1285	1285	1285	0						
Est. sales 24,986										
Prev. day's open in 15,517, 10.										

London Metals

Jan 26

Figures in sterling per metric ton.

Silver in value per tray ounces.

High grade copper cathodes:

1 month 142.00 | 142.00 | 142.00 | 0.00 || 3 months | 142.00 | 142.00 | 142.00 | 0.00 |
| Copper cathodes: |

| 1 month | 142.00 | 142.00 | 142.00 | 0.00 |
| 3 months | 142.00 | 142.00 | 142.00 | 0.00 |
| Lead: |

| 1 month | 142.00 | 142.00 | 142.00 | 0.00 |
| 3 months | 142.00 | 142.00 | 142.00 | 0.00 |
| Zinc: |

| 1 month | 142.00 | 142.00 | 142.00 | 0.00 |
| 3 months | 142.00 | 142.00 | 142.00 | 0.00 |
| Aluminum: |

| 1 month | 142.00 | 142.00 | 142.00 | 0.00 |
| 3 months | 142.00 | 142.00 | 142.00 | 0.00 |
| Nickel: |

| 1 month | 142.00 | 142.00 | 142.00 | 0.00 |
| 3 months | 142.00 | 142.00 | 142.00 | 0.00 |
| Spot: |

1 month	142.00	142.00	142.00	0.00						
3 months	142.00	142.00	142.00	0.00						
Est. sales 24,986										
Prev. day's open in 15,517, 10.										
6 | **Paris Commodities** Jan. 26

ON COMMODITIES	DATE	CHECK & PRICE	DATE	A LARBY COMMODITIES	DATE
Prices in sterling per metric ton			May	Prices in French francs per metric ton	

[illegible]

COCOA					
Mar	1,315	1,307	1,308	1,316	+ 13
May	1,346	1,335	1,339	1,341	+ 12
Dec	1,350	1,350	1,350	—	+ 15

1,258	1,246	1,250	1,251	1,243	1,244	Indonesia Receives Loan	JIV	N.T.	N.T.	1,250	—	+ 15
1,254	1,242	1,243	1,251	1,255			Sep	N.T.	N.T.	1,270	1,287	+ 20

[illegible]

30 lots. Open interest: 641

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 10

[illegible]

IN FUTURES MARKETS

0.53	484.50	486.40	487.00	487.50	488.10
1.17	N.T.	482.00	481.00	481.50	482.00

[illegible]**MANAGED TRADING PROGRAM****

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SPORTS

On a Freeway Named Desire

By George Vecsey

New York Times Service

LOS ANGELES — Back in drama class, one professor used to say the best theater came when somebody was trying to do something and somebody else was trying to stop it. It sounds simple, but that's exactly what Sunday's Super Bowl needs — a little drama.

We need King Lear, we need Hedda Gabler, we need somebody trying to impose a game plan on the universe. We need Blanche DuBois at running back, trying to move in, we need Stanley Kowalski at linebacker, trying to wreck her.

Otherwise, all we have is just another football game, just another Super Bowl, at the end of a week of practices and news conferences sprawled all over an area the size of the Benelux nations. We need a hero.

This is Super Bowl XVII, and so far we have had only one larger-than-life hero: Joe Namath, way back in Super Bowl III. Namath guaranteed the survival of the game and achieved parity for the American Football League by smothering all over Dade County about how his Jets were going to beat Baltimore.

Joe Willie Namath, a name and a persona right out of Tennessee Williams, went into a bar and "guaranteed" a Jet victory to a crusty old Baltimore player named Lou Michaels.

The Greek dramatists would have loved it — hubris personified. But instead of being tweaked by the fates in the final scene, as happened to so many proud Greek demigods, Namath tweaked the Colts.

Players have grown more reticent about making the rounds and spouting inflammatory predictions. After Namath came the deluge of good performances and a few surprising stars, but no larger-than-life figure around whom the game revolved.

Think about it. Franco Harris of Pittsburgh gained 158 yards in 34 carries in 1975. Terry Bradshaw of Pittsburgh threw for 318 yards and four touchdowns in the 1976 game. Lynn Swann of Pittsburgh accounted for 161 yards on four receptions in 1976. Dan Ross of Cincinnati caught 11 passes last year. Rod Martin of Oakland intercepted three passes in the 1981 game.

But they seemed like excellent players who performed within the framework of their teams at the appointed hour, like astronauts who soar into space after many hours of group effort.

And individual efforts have been further muted by the swarm of print and electronic media. If a player scores two touchdowns in the Super Bowl — as only nine players have done in the first XVI years — it may be impossible for a microphone bearer to dive over the top of the heap to record the precious words. But there is always a lineman on the other side of the

room who recovered a key fumble who is willing to say, "We knew we had 'em, it was a team effort, we had desire on our side," and all that other good football stuff.

This year, even with heavy rains greeting the arrivals on Monday, nobody is going to become the Joe Willie of XVII by unleashing on Los Angeles. The city is too giddy to worry about criticism this week after W, a newspaper devoted to style and fashion, decreed that Los Angeles was "in." No explanation. Just "in." And there's no sense in unleashing on Pasadena, because nobody will go there until game time Sunday.

So maybe the focus will go back to the game, will produce a Blanche-and-Stanley relationship that would bring some much-needed drama. Having attended a few drama classes at Hofstra College with Francis Ford Coppola, the Oscar-winning producer, and Joel Olsansky, the Emmy Award-winning writer, and Lennie Kazan, the entertainer, this old C-plus student is going to propose a plot:

There is this back named John Riggins, who plays for Washington. He isn't fast or very lovely to watch. Somebody gives him the ball, and he lowers his head and runs straight ahead. If anybody gets in the way, he hits him with a knee or a shoulder.

Riggins is often accompanied by seven of the burliest, homeliest hogs this side of professional wrestling. They call themselves the Hogs because they eat a lot in the end zone. They are not the kind of people a television network would invite into its neighborhood.

But all their wallowing in the mud keeps the clock running, and John Riggins has just snorted and rooted his way to 444 yards in three playoff games. Unless somebody stops him Sunday, Washington is going to win the Super Bowl.

The Miami Dolphins earned their right to be named in California by being named in Miami. In that primeval ooze, a linebacker named A.J. Duhe rose from international obscurity by intercepting three passes. He played either six positions (according to him) or four positions (according to his defensive coach, Bill Arnberger), and he totally dominated the Jets last Sunday.

Duhe's performance was exactly the kind of one-man defensive show the Super Bowl could use, even from a player previously known only to his mom, his wife and his defensive teammates.

What we need from the fates is an intense personal duel between John Riggins and A.J. Duhe, two figures coming into this Super Bowl with demigod possibilities.

Question: Is it possible to have elements of Greek drama in a game that uses Roman numerals?

Bonus Clauses: Free Agents Striking It Richer

By Murray Chass

New York Times Service

NEW YORK — Modern baseball economics at times has produced new methods of measuring a player's value. Even a child with a calculator could figure out, for instance, that in 1981 Rennie Stennett's \$600,000 salary meant he earned \$6,896.55 for each time at bat, because he batted only 87 times that year. That, of course, is a figurative mathematical measurement.

In each of the next five seasons, Omar Moreno will provide statistics with a literal mathematical measurement. The Houston Astros will pay Moreno \$600,000 a year in salary for playing center

field, but he will earn an additional \$214.29 each time he steps to the plate.

Moreno, who signed with the Astros as a free agent last month, is one of many players whose contracts carry bonus provisions. Some of the bonuses, such as those for games or innings pitched, are relatively easy to earn because the levels stipulated in the contracts are easily attainable. Other bonuses, such as those for winning the league's most valuable player or Cy Young awards, are not so easy.

In Moreno's case, though, his contract contains a clause that could pay him a maximum of \$150,000 in addition to his

\$600,000 salary. The formula the Astros will use in determining how much of that \$150,000 he will receive is based on 700 plate appearances.

If he bats at least 700 times (last season he totaled 706 plate appearances), he will get the entire \$150,000. If he has fewer than 700 at-bats, he will receive the total of the number of appearances multiplied by \$214.29. In other words, if in the season-opener Moreno bats five times, he will already have earned at least an additional \$1,071.45.

Details of Moreno's pact and other free-agent contracts were learned from various sources with access to the information that baseball clubs do not make public.

Those details show that since the Nov. 10 draft, 12 free agents have signed contracts worth a guaranteed \$1 million or more. Steve Garvey's five-year, \$6.6 million contract with the San Diego Padres is the most lucrative of the deals, but the Yankees have committed themselves to the most money, signing three players for a guaranteed total of \$11,775,000.

Tom Seaver signed for the most money, \$11.7 million for five years, but Bob Shirley's contract — \$2.05 million for three years — is easily the most surprising of the three deals because he has a career pitching record of 53 victories and 74 defeats. Don Baylor signed for \$3.75 million for four years.

The Astros also re-signed Alan Ashby, the catcher who had been a free agent. They are the only team besides the Yankees who signed more than one free agent to contracts worth more than \$1 million.

All but two of those 12 free-agent contracts — those belonging to Terry Forster of Atlanta and Rick Manning of Cleveland — have bonus provisions, but none of the bonuses is as easily attainable as Moreno's for plate appearances.

Four players, Garvey, Kemp, Baylor and Floyd Bannister, can earn bonuses ranging from \$50,000 to \$150,000 for winning individual awards in their leagues or if their team wins the league championship series or the World Series.

The Yankees have those provisions with both Kemp and Baylor, so they know they would have to pay off on only one if either were to win the American League MVP award. But each player also has a provision for a \$50,000 bonus if he finishes second through fifth in the voting.

Bannister is the only player of the group who could earn bonuses for being the American

League's most valuable player and its Cy Young award winner. Rollie Fingers achieved that feat in 1981, and if Bannister were to duplicate it, he would take home an extra \$250,000. Even if he didn't win either award, though, the pitcher could earn extra money because the provisions would pay off if he were to finish in the top six in the Cy Young voting and the top 10 in the MVP balloting.

Furthermore, Bannister is one of three recent free agents who have attendance clauses. The Chicago White Sox will pay Bannister \$5,000 for each block of 50,000 in attendance past 1.6 million. Garvey's bonus begins if the Padres reach 1.9 million in attendance. If they reach that plateau, the first baseman will receive \$50,000, then receive an additional \$50,000 at each of three other levels, up to 2.25 million. For a possible total of \$200,000. The third player, Al Cowens, re-signed by the Mariners, will receive \$5,000 if Seattle attendance reaches 1.4 million in 1984, and \$5,000 if it reaches 1.5 million in 1985.

The White Sox record attendance was 1,657,135 in 1977; the Padres drew a club high of 1,670,107 in 1978, and the Mariners had a record 1,338,511 in 1977.

Garvey, a successful and popular player in southern California, figures to have more of an impact on the San Diego attendance than Bannister will on Chicago's.

Ballard Smith, the Padres president, said the team had sold 1,200 new season-ticket plans in the first few weeks after Garvey was signed. "In the week after we signed Steve, which was Christmas week and a tough time to sell tickets, we sold 100 season tickets a day," Smith said.

A year ago the California Angels gave Reggie Jackson an attendance clause — 50 cents for each paid home admission over 2.4 million — and he wound up with an additional \$203,680 because the Angels drew an American League record 2,807,360.

Besides his various bonus possibilities, Bannister has perhaps the most unusual provisions in his contract, which is guaranteed for five years. If in the fifth year, he pitches 200 innings or makes 31 starts or appears in 45 games, the contract automatically is extended to a sixth year. The same provision applies for two additional years after that. His salary in each of those three years would be \$1.2 million or \$1 million plus the bonuses he earned in the previous season if that figure would total more than \$1.2 million.

If Bannister were to play for the maximum eight years provid-

ed in his contract, he would earn an average of more than \$1 million per year.

Shirley received the second most lucrative contract among free-agent pitchers, signing for three years and \$2.05 million. He also has bonus provisions for the Cy Young and relief pitcher of the year awards.

Shirley was one of three left-handed pitchers whose signings were announced by the Yankees on the same day. The contracts of the trio are worth more than \$7 million. Based on his impressive half-year performance as a starter last year, Shane Rawley received a four-year contract worth \$2.79 million. Dave Rightt, who last year had an \$85,000 salary following his rookie of the year award, signed a four-year contract worth \$2,365,000.

Valenzuela Seeks \$1 Million Pitcher Fernando Valenzuela of the Los Angeles Dodgers is seeking an arbitrated salary of \$1 million a year. The Associated Press reported from New York, and this time there will be no holdout if he doesn't get it. The National League's Cy Young Award winner as a rookie in 1981 and a 19-game winner last season formally requested on Tuesday that an arbitrator set his salary at \$1 million for the 1983 season; the Dodgers reportedly are offering \$750,000.

Valenzuela held out for \$1 million last year and settled for \$350,000 without formally signing a contract. As a first-year player, he wasn't eligible for arbitration.

Under the rules, the arbitrator must decide on either the player's figure or the club's offer. That means Valenzuela's salary will be more than the record high arbitration award of \$700,000 in 1980 to pitcher Bruce Sutter. Sutter, then of the Chicago Cubs, now plays for the St. Louis Cardinals.

A total of 84 players filed for arbitration before Tuesday's deadline. One of the last to file was Oakland outfielder Rickey Henderson, who won a \$335,000 arbitrated contract in 1982. This time Henderson has even more ammunition, having stolen a record 130 bases last season.

Among others filing: outfielder-third baseman Pedro Guerrero, catcher Mike Scioscia and pitchers Steve Howe, Dave Stewart and Joe Beckwith of the Dodgers; third baseman Tim Lincecum and pitchers Bill Glickson and Jeff Reardon of Montreal; third baseman Luis Salazar and pitchers Tom Lollar and Gary Lucas of San Diego; pitcher Bob Ojcinich of Oakland; and outfielder Jeff Leonard and pitchers Fred Breining, Jim Barr and Renie Martin of San Francisco.

Some Million-Dollar Men

Following are highlights of top baseball free-agent contracts

Steve Garvey, San Diego, 5 years, \$6.6 million
Salaries of \$1.65 million; \$1.25 million; \$830,000; \$1.25 million; \$1.45 million. Bonuses each year for 100,000, 150,000, 200,000, 250,000, and 300,000 plate appearances.

Steve Kemp, Yankees, 5 years, \$5.45 million
\$500,000 signing bonus, salaries of \$650,000; \$650,000; \$950,000; \$1 million; \$1.1 million. Bonuses of \$300,000 each to be made Jan. 8, 1988; Jan. 8, 1989; \$200,000 if Yankees win 100 games; \$200,000 if Yankees win 100 games; \$200,000 if Yankees win 100 games; \$200,000 if Yankees win 100 games.

Floyd Bannister, White Sox, 5 years, \$4.79 million
\$1.25 million signing bonus, \$750,000 of which is deferred with 14 percent interest; salaries of \$225,000; \$250,000; \$250,000; \$280,000; \$280,000 plus \$500,000 deferred salary with 14 percent interest; \$100,000 if Yankees win 100 games; \$100,000 if Yankees win 100 games; \$100,000 if Yankees win 100 games; \$100,000 if Yankees win 100 games.

Don Baylor, Yankees, 4 years, \$3.75 million
16 years, \$4.175 million; \$300,000 signing bonus; \$750,000 salary each of four years with \$350,000 of salary deferred without interest in each but second year; option for fifth year with \$875,000 salary, including \$350,000 deferred without interest; \$375,000 buyout if option not exercised; bonuses each year of \$100,000 American League MVP; \$50,000 if second through fifth in MVP voting; \$50,000 if Yankees win 100 games; \$50,000 if Yankees win 100 games; \$50,000 if Yankees win 100 games; \$50,000 if Yankees win 100 games.

Omar Moreno, Houston, 5 years, \$3.5 million
\$250,000 signing bonus; \$600,000 salary each year; \$200,000 severance payment if he is offered less than \$400,000 for 1988; bonus each year for plate appearances to a maximum of \$150,000, based on a formula of \$214.29 per plate appearance up to 700 a season; bonuses each year of \$50,000 if he finishes second through fifth in the voting; \$25,000 if Yankees win 100 games; \$25,000 if Yankees win 100 games; \$25,000 if Yankees win 100 games; \$25,000 if Yankees win 100 games.

IAAF Derails Nehemiah's Return

The Associated Press

NEW YORK — Renato Nehemiah, world-record hurdler turned wide receiver for the San Francisco 49ers, had his plans to return to track derailed Tuesday when international track officials confirmed a ruling that threatens the amateur status of anyone running against him.

The immediate effect was to knock Nehemiah out of Friday's Millrose Games and the rest of the indoor track season. "Steele has begged the indoor season," said his agent, Ron Stanko.

Knox Resigns Coaching Post With NFL Bills

The Associated Press

BUFFALO, N.Y. — Chuck Knox, one of the most successful National Football League coaches during the last 10 years, resigned late Tuesday as coach of the Buffalo Bills.

With one year left on his six-year contract, Knox said he was "offered an extension, but I decided that I should resign and be relieved of any contractual obligations." Reported differences between Knox and owner Ralph Wilson stemmed from the team's refusal to sign or keep satisfied such top players as linebacker Tom Conner, running back Joe Cribbs and nose tackle Fred Smerlas.

Knox's five-year record with Buffalo was 39-57. The Bills were 5-23 for the two seasons before he took over in 1978, and by his third year they won the American Football Conference East title. Except for the 4-5 1982 season, they had been competitive ever since.

Knox joined Buffalo after leading the Los Angeles Rams to five straight divisional titles. His overall NFL coaching record is 95-58-1.

NHL Standings

WALDES CONFERENCE									
Patrick Division									
	W	L	T	GF	GA	Pts			
Philadelphia	23	12	6	213	145	70			
NY Islanders	22	17	8	188	145	68			
Washington	22	14	11	188	176	65			
NY Rangers	22	21	6	164	171	50			
New Jersey	12	29	7	138	228	31			
Adams Division									
Boston	23	10	7	209	129	71			
Pittsburgh	23	16	9	222	161	67			
Montreal	23	16	9	222	161	67			
Quebec	23	20	6	209	203	52			
Hartford	12	28	10	159	227	29			
Campbell Conference									
Harris Division									
Chicago	23	12	7	212	161	67			
Minnesota	23	14	10	207	181	60			
St. Louis	16	27	9	189	202	39			
Detroit	12	28	12	152	218	27			
Toronto	11	26	9	171	206	31			
Smith Division									
Edmonton	23	14	9	225	203	65			
Calgary	23	16	2	208	174	62			
Winnipeg	23	24	5	191	207	45			
Vancouver	14	23	10	176	194	42			
Los Angeles	10	28	7	172	213	29			
Tedesco's Division									
Quebec	4	4	0	35	35	12			
Montreal	4	4	0	35	35	12			
Calgary	4	4	0	35	35	12			
Edmonton	4	4	0	35	35	12			
Winnipeg	4	4	0	35	35	12			
Vancouver	4	4	0	35	35	12			
Los Angeles	4	4	0	35	35	12			
Tedesco's Division									
Quebec	4	4	0	35	35	12			
Montreal	4	4	0	35	35	12			
Calgary	4	4	0	35	35	12			
Edmonton	4	4	0	35	35	12			
Winnipeg	4	4	0	35	35	12			
Vancouver	4	4	0	35	35	12			
Los Angeles	4	4	0	35	35	12			

NHL Scoring Leaders

	G	A	Pts
Gratkov, Edm.	23	31	77
Boyer, N.Y.I.	23	43	72
Seward, Cal.	23	38	72
Almstrom, Det.	23	41	72
P. Stastny, Det.	23	39	70
Kurtz, Edm.	23	39	66
Andersson, Edm.	23	39	62
Condit, Det.	23	39	62
McDonald, Cal.	23	39	62
Francis, Har.	23	39	62
Parsons, Har.	23	39	62
Clarke, Phil.	23	39	62
Rogers, N.Y.R.	23	39	62

1983 America's Cup Challenge Shaping Up as Stiffest Ever

By Carleton Mitchell

New York Times Service

NEW YORK — Beginning next Sept. 13, a 12-meter yacht representing the United States will meet a foreign challenger for the 25th time in defense of sport's oldest and perhaps most hallowed trophy, the America's Cup.

In the hazy sunshine off Newport, Rhode Island, tall masts will gleam like knights' lances in medieval tournaments as rivals charge and circle, faint and puffy amid the pagantry of a flag-bedecked speedster fleet. Adding to the drama building through a long summer of preparation and trials, the two finalists will not be named until a week before the ultimate test.

When the schooner yacht America won the ornate silver trophy that now bears her name, racing an assembled British fleet off the Isle of Wight in 1851, the reply to a question asked by Queen Victoria was not only one of the most quoted phrases in sport but also one of the most highly prophetic.

Unable to see anything astern of the Yankee invader through a slight fog, an enquirer peering through the words of a lookout: "Your Majesty, there is no second."

It has been thus for 132 years. All but the earliest races have been sailed with a single challenger meeting a lone defender, so indeed there can be no second — only a winner and a loser. On a few occasions, challengers have won races, but never the necessary four of seven required to take home the cup.

Many observers felt this year the longest winning streak in sports may come to an end. Never before have there been so many challengers with such potential. Even with Sweden's dropping out, there remain seven yachts representing five nations, an unusually high number. The Canadians are back after a lapse of 102 years. Italy is challenging for the first time. England again is trying to repatriate the Old Mug, as Sir Thomas Lipton called it. The French are having another go and the Australians are mustering a fleet of three.

Copying the American system, crew training will go on all winter, with the French and Canadians in Florida, the British in the Bahamas, the Italians near Naples and the Australians in the summer of the Antipodes.

horses for tuning and evaluating relative speed.

A former advantage in sails has been lessened because American sailmakers have established overseas branches and the New York Yacht Club has liberalized the rules to permit more access to U.S. technology. And the eventual challenger will know the proving grounds well, because the elimination trials will be held in the same waters off Newport where the cup matches will be sailed.

The greatest danger should emerge from the Australians, who will be appearing for a seventh time in the nine matches sailed since World War II. On three occasions, they won one race and lost others by seconds; each time it was agreed that the margin of victory lay in better sails and tactics. With three new yachts honing gear and crews against each other in a fierce intramural struggle, the Australians will come up with a formidable contender.

To meet the invasion, two rival U.S. camps are undertaking a strenuous campaign. Dennis Conner, victor aboard Freedom in the 1980 defense, heads the Freedom Campaign '83 syndicate. Two new yachts, Spirit of America and Magic, were built — but Freedom, retained as a trial horse, proved faster than either.

This has confirmed suspicions that, working within the complicated straitjacket of factors governing design of a 12-meter yacht, a peak in speed had already been reached, another equalizing element. Nevertheless, a third new boat named Liberty is being built, and has been trucked to Connor's home port of San Diego to join Freedom and Spirit. Magic will be sold. Come spring, the best pair will return to Newport for final determination by Connor of which will be entered in the selection trials.

The other candidate bears the optimistic name of Defender. Her helmsman is Tom Blackaller of San Francisco, twice Star Class world

champion and tactician aboard Clipper in 1980. As in the Freedom syndicate, there was consternation when Defender, in early trials, did not show clear superiority over her nine-year-old trial horse, Courageous. But extensive modifications are reported so successful that plans to build a second new vessel have been

